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## Signs of recovery in Italian industrial production

By Paul Setts

ROME, April 12. THERE ARE now tentative, albeit disputed, signs of some recovery in Italy's industrial production following the general decline since last spring. Despite the latest monthly report of the official statistics bureau, Istat, showing a 6 per cent decline in output in February compared to the same month the year before, the Banca Commerciale Italiana (Comit) index effectively points to a small recovery of 1.7 per cent on January this year.

The conflicting figures are provoking a fierce controversy here over the present state of the country's economic performance. However, according to the official institute for economic affairs, Istat, there is now the "promise of a fragile economic turnaround". The institute claims that this is the result of a revival in internal consumer demand, in part a result of an increase in pensions last year.

The recovery could be further consolidated by the middle of the year if there are no increases in taxation and tariffs which could provoke a drop in internal demand. At the same time, a seasonal increase in imports is now expected as a result of general restocking by industry and wholesalers.

Yet the very fragile nature of the recovery is reflected by the continuing fall of investments and the overall low rate of plant production. But there are also signs of a reduction in inflation currently increasing at a monthly rate of 1 per cent, according to the official statistics bureau. Last month's 1 per cent increase over the previous month means that the inflation rate on an annual basis amounted to 12.5 per cent as against the official target of 13 per cent in the year to mid-March last.

The new minority government of Sig. Giulio Andreotti has now indicated that it intends to see the country's growth rate increase by 4.5 per cent in the last quarter of this year, after having successfully brought back Italy's balance of payments on current account in equilibrium.

However, there is still considerable concern over the continuing increase in unemployment and the acute financial and structural problems of several major private but principally state sector industries, like chemicals and steel. These problems effectively overshadow the current and disputed signs of a possible recovery in output.

## Italy deputies debate freer abortion laws

ROME, April 12.

ITALY'S CHAMBER OF Deputies was still discussing to-day a Bill easing the country's strict abortion laws after it rejected a move by the ruling Christian Democrats to block the proposed legislation.

A motion by the Christian Democrats to halt all debate on the Bill, which would give women the right to abortion within the first three months of pregnancy, was thrown out by an alliance of Communists, Socialists and three smaller parties.

The Bill is now expected to be passed by the Chamber of Deputies (Lower House) later this week and then go to the Senate.

Abortion is allowed at present in Italy only in cases where childbirth could seriously endanger a woman's health or that of the unborn child. Reuter

## EUROPEAN NEWS

## Terrorist barred from own trial

AN URBAN guerrilla charged with kidnapping leading conservative politician Herr Peter Lorenz, was excluded from his own trial here to-day after calling the judge a pig.

Ralf Reinhold, one of six defendants, was taken back to his cell and told he would not be allowed to attend the rest of to-day's hearing. Presiding Judge Friedrich Geis made the ruling on the second day of the trial after Reinhold, 28, shouted at him: "You're a pig."

WEST BERLIN, April 12.

objections, which included complaints that armed police patrolled the courtroom and that warders were posted to eavesdrop on conversations between the defendants and their attorneys.

At the start of to-day's hearing, the judge rejected applications from three court-appointed defence counsel to be relieved of their duties. The lawyers said they had been unable to prepare their case properly because their clients, Reinhold and Ronald Fritsch, had assaulted them in their cells.

More than 600 witnesses have been called to give evidence in the trial, which is expected to last for more than a year. Reuter



Herr Schleyer

## WEST GERMANY AND TERRORISM

## Edging towards security

BY JONATHAN CARR IN BONN

ALMOST EXACTLY six months after the murder of Dr. Schleyer, the Bundestag to-day takes a final vote on new measures to help combat terrorism. It looks like being a cliff-hanger. Members of the opposition parties oppose the measures on the grounds that they are too weak and a handful of deputies on the Government side fear that they might undermine civil freedoms. But it is generally expected that the vote will go in favour and that there will thus be no further obstacle to the measures becoming law.

Will the West German population therefore feel markedly more secure? It seems doubtful. Under the new measures police do have somewhat widened powers of search. Further, a glass harrier may be erected between a lawyer and a jailed client suspected of terrorism to prevent them exchanging objects (such as weapons). And courts have to refuse bail if they are suspected of criminal collaboration. These hardly represent a big leap forward to greater security nor, with all respect for the honest reservations of some deputies, they appear to mark a move back towards repression.

Will there be public pressure for yet tougher action—as the opposition demands—against those who have declared war on society? A new terrorist attack would not doubt change the picture, but at present there is little sign of such pressure. The public has already been given a classic demonstration that new laws in themselves may not be of much help. Jailed terrorists late last year were clearly able to maintain contact with the outside world despite a hastily passed law intended to stop them doing precisely that.

Since then it has emerged that shortly after Dr. Schleyer's capture, the police received a tip off which, had they followed it up, would have led them straight to the spot where he was being held. They failed to do so because of an extraordinary confusion of competence between local, federal and State authorities. It is currently under investigation and the result could have political consequences.

The lessons emerging are: First, that existing laws should be properly applied before consideration is given to passing further-reaching legislation; Second, that there is much scope for better co-ordination between police authorities. How far this co-ordination may go without leading to too great a centralisation of power is a problem over which many Germans, with the Nazi era in mind, worry about constantly. Meanwhile there is widespread irritation with

foreign critics who on the one hand suggest that the Federal Republic is a repressive society and on the other scold German inefficiency in catching terrorists. Sensitivity to foreign criticism and argument over repressed authority are, of course, new elements in German life. The fact is that despite a running debate over the kind of

in Stuttgart-Stammheim Jail and the murder of Dr. Schleyer, he is also shown ejecting a visitor who does not recognise, evidently, he might be accused of harbouring a terrorist or terrorist sympathiser.

The element of compassion is there too. The Mayor of Stuttgart, Dr. Manfred Rummel, is shown defending his decision to

see that the three who committed suicide at Stammheim received a proper burial—despite local suggestions that the bodies should be thrown into a sewage works. And there are scenes of scuffles near the graveside, of spectators hiding their faces to avoid identification, of mounted police in the background, their uniforms blending with the autumn colours of the surrounding forest.

The contrast could hardly be stronger between the events filmed and the normal life in the cities in which the film is being shown. The packed restaurants and shops which always seem to give the lie to the statistical fact of the generally reluctant German consumer, the young queuing to get into discotheques, the talk about German

prospects in the World Cup, it hardly adds up to a nation in a state of fear. These are, of course, the aspects of German life which hardly emerge in the political debate or, indeed, in commentary.

But for the vast majority of Germans there are other, more mundane concerns. The murder of Dr. Schleyer was grotesque aberration, a nightmare.

It would be wrong to suggest that no one is bothered by it. It is the root cause of terror in a state of fear. These are, of course, the aspects of German life which hardly emerge in the political debate or, indeed, in commentary.

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## SOVIET TIMBER INDUSTRY

## Discovering Siberian wood

BY DAVID SATTAR, RECENTLY IN BRATSK

THE DEAFENING noise of crushing machines transforming stripped logs into thousands of wooden chips is the visitor's introduction to the Bratsk wood-processing complex, where 7m cubic metres of Siberian forest is turned into cellulose, cardboard, turpentine, plywood and resin.

Hemmed in by forest and a log-choked frozen river, the 1,000 hectare Bratsk complex employs 15,000 people in ten plants and is stocked with Swedish and Finnish machinery. It has thermal power stations and a wood port and is littered with mountains of snow-covered logs and suffused with the smell of sulphur.

The Bratsk complex is one of the largest wood-processing com-

plexes in the world and a model of large-scale Siberian development. It also provides a graphic example in how Soviet planners have exploited the vast timber reserves of the Soviet Union's vast timber forest—now an estimated 75bn cubic metres—now and in the future.

The Soviet Union is rich in forests but traditionally the wood-processing industry was concentrated in the European part of the country where timber stocks have declined steadily. With factories forced to seek raw materials further east the average of 1,700 kilometres, the longest such distance for any mass consumption material in the USSR.

Cellulose and paper production is a growing industry in the Soviet Union and there has been extensive modernisation but, despite this, production for the five-year plan period 1973-75 failed to meet targets. Growth in the present 1976-80 plan period is therefore aiming to relieve a deficit. Cellulose production is to reach 9.1m tonnes, a 34 per cent increase over 1975. Paper production is to reach 3.7m tonnes, an increase of 14 per cent over 1975 and cardboard production is to reach 3.4m tonnes, a 31 per cent increase over 1975.

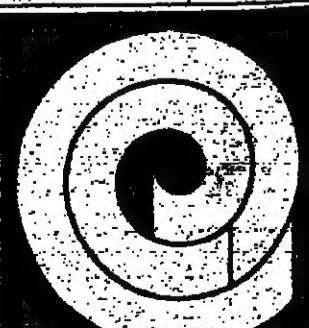
Construction of the Bratsk complex, which began in 1958 and is still not completed, was intended to spur production by bringing enormous productive capacity close to raw materials supplies. It includes two vast pulp mills each of which has two production lines. The lines produce a paper pulp, cardboard, rayon pulp, which is used for high quality paper and cord pulp, which is used in tyres, for a total output of 1m tonnes of pulp a year or 15 per cent of 1977 Soviet production.

The Bratsk complex avoids transportation bottlenecks because it is fed with wood—mostly larch and pine—from a 5,000 hectare stand of forest located 300 to 400 kilometres away. The forest, renewed itself every 80 years, about the time it takes to process one generation of growth. Three-quarters of the wood used in production is floated down the Angara river during the 140 day navigation season, with only 25 per cent transported overland.

The Soviet wood-processing industry is expected to experience its next major expansion with the completion in the 1980's of the Baikal Amur railway and the Bratsk example of an interdependent industrial complex close to raw material supplies is the model for the establishment of the three major wood processing bases envisaged for the BAM route, one at Ust-Kut at the western end of BAM, the second in the South Yakutia industrial

area and the third in the Ural industrial region in the Far East. As matters stand, 30 per cent of Soviet cellulose production is now located in Siberia. One of the large pulp mills built recently in the Irkutsk region, where the Bratsk complex is located, is the southern shore of Lake Balkal and the Chumsky working complex. A new cellulose complex, similar to the one at Bratsk, is being built at Il'msk in the wilderness to the north of Bratsk with the help of the other Comecon member countries and it is to start production in 1978. If the Soviet wood-processing industry is to meet its targets, a massive Siberian production must be stepped up to increase, because millions of cubic metres of Siberian timber are still being shipped thousands of miles to the west by putting a severe strain on rail transport. In the last two years 4m cubic metres of raw material never went into production. Much of it was consigned to firewood because of transportation bottlenecks, and the amount of timber piling up in railroad warehouses is enormous and increasing.

With an estimated third of the world's timber resources, the Russians are in a position to become pre-eminent producers of these products and timber to the world market. In 1975, wood exports accounted for 6 per cent of Soviet exports and the Soviet Union has a five year timber agreement with Japan. To fully take advantage of their forest wealth, however, they must finish the transportation of the wood processing industry, which is now underway.



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## W. German public sector settles for 4.5% rise

BY ADRIAN DICKS

BONN, April 12.

WEST GERMAN Government hopes of holding this year's increase in earnings down to 4.5 per cent. may just be borne out, following the conclusion of this morning's new pay deal for 2.2m. workers in the public sector — the group over which it has the greatest direct control.

After a marathon negotiating session in Stuttgart, the committee of federal, State and local government officials led by Herr Werner Maihofer, the Interior Minister, agreed to a 4.5 per cent. increase in wages and salaries, plus two extra days holiday for the two lowest income categories in the public service.

This figure led Herr Maihofer to describe the deal as being comfortably below the 5 per cent. now accepted in most of the bargaining regions of the steel-working and engineering industry. However, only a few weeks ago Herr Maihofer had asked the cost of each extra day's holiday at an additional 0.4 per cent. on the wage bill. So no extra days would, by this reckoning, put the true cost of a settlement closer to 5.3 per cent.

When the Economics Ministry in January set 5.5 per cent. as a desirable upper limit for rises in 1978, it carefully pointed out that because of inflation and other factors, new

contracts on nominal wage-rates ought to be well below this figure. In keeping with the Government's tradition of not interfering with bargaining, however, no precise target for wage increases was named.

Count Otto Lambsdorff, the Economics Minister, who described the metal industry deal as "barely acceptable," has also warned that higher settlements in some industries would mean that others would have to make do with less.

Although the public service and metal contracts normally set the pace for the rest of the state and private sectors respectively, the management of West German railways (the Bundesbahn) appeared to-day to be taking Count Lambsdorff's warning literally when it refused to adopt last night's deal for the 175,000 railway workers and staff. Negotiations for the industry were officially declared to be blocked this afternoon.

After the Bundesbahn had described the 4.5 per cent. figure as too high for an organisation struggling against heavy losses.

Such has also been the reaction of many private employers to the norms set this year. The Government, in its part, has emphasised in its economic forecasts in January that too high a rate of wage increases would be more likely than any other single factor to endanger the prospect of 3.5 per cent. growth in Gross National Product which it hopes to see in 1978.

## Owen praises U.S. deferral of neutron bomb

BY REGINALD DALE

DR. DAVID OWEN, the British Foreign Secretary, yesterday praised President Carter's controversial decision to defer production of the neutron bomb as a responsible and understandable move that should lead to significant progress in East-West disarmament negotiations before the end of the year.

In an optimistic statement to a meeting of non-Governmental organisations at the Foreign Office, Dr. Owen said he was confident that Washington and Moscow would soon finalise a

new, improved strategic arms limitation agreement (SALT II). There were good prospects for the conclusion of a comprehensive nuclear test ban treaty between the U.S. and the USSR and the U.K. and a possibility that serious negotiations would at last start at the long-stalled East-West force reduction talks in Vienna (MBFR).

If progress could be achieved in all three fields, it would have to be seen in the light of President Carter's decision on the neutron bomb, Dr. Owen

said. He hoped that the Soviet Union would now look seriously at some of the West's major concerns, particularly the Warsaw Pact's tank superiority in central Europe.

Dr. Owen said it was not true that U.S.-Soviet relations had reached a crisis point. There were differences of perception and view, but they were clearly reconcilable.

The prospects for disarmament in the light of the neutron bomb decision are likely to be discussed during the forthcoming visit to London

by Mr. Harold Brown, the U.S. Defence Secretary, Dr. Brown, who arrives in London from Bonn to-morrow, is to meet Mr. James Callaghan, the Prime Minister, and Mr. Fred Mulley, the Minister of Defence, on Monday, before leaving for the NATO Nuclear Planning Group meeting in Denmark.

Mr. Mulley's main intention, however, will be to discuss options for future British equipment purchases, most notably replacements for the Chieftain tank and the Jaguar and Harrier aircraft. Mr.

Mulley also hopes to be briefed by Mr. Brown on the latest technical conclusions the U.S. have drawn from tests on their Cruise missile.

The annual Ministerial Council of the Central Treaty Organisation (CENTO) will be held in London on April 19 and 20. The visit to Moscow planned by Mr. Cyrus Vance, U.S. Secretary of State, has led to the meeting being relocated from Washington. The Foreign Ministers of Britain, the U.S., Turkey, Iran and Pakistan are due to be present.

## Shop-floor Marxism feared in Spain

By Robert Graham

MADRID, April 12.

A PROPOSED new law which could allow works councils a greater say in the running of factories has aroused a storm of protest among industrialists and bankers here. The proposals are regarded by the Confederation of Spanish Industry as little short of introducing Marxist principles to the shop floor.

Controversy centres round Article Nine of the proposed law. If approved, it would allow works councils the right to regular information on company activities, permit monitoring of all wage and work agreements, and would confer rights over control of health and work safety and levels of employment.

The new rights were proposed by Socialist members of the drafting committee but were approved by members from the ruling Union de Centro Democrático (UCD), apparently without objection. It was accepted that Spanish law, the representation of labour had to be brought into line with the rest of Europe and the Socialist proposals were modelled on practice in the European Community.

The Confederation of Spanish Industry argues that the measures would mean an end to free enterprise in Spain. The UCD has also been embarrassed by the opposition from the mainstream of its supporters.

The unions complain that opposition to the proposals is a propaganda exercise by the employers to inhibit the development of union rights.

Most observers do not believe that the proposals will be passed by Parliament in the present form. Clearly the Government has seriously misjudged the mood of management over trade union power.

The predominant management view appears to be that even if unions elsewhere enjoy such rights as are now proposed, the Spanish unions are too immature to move direct to such a position of strength.

Management as a whole in Spain is in no mood to let trade union power increase. Union activity was only legalised a year ago and most managements are unfamiliar with the concept of union rights.

## Swedish probe into industry

By William Dultforce

STOCKHOLM, April 12.

MR. THORBJÖRN FALLDIN, the Swedish Prime Minister, has appointed a nine-man committee to investigate the future of Swedish industry. It is hoped that by the end of the year it will put forward ideas on how company activity can be stimulated, fresh markets opened up, and new products developed.

The background to the move is the decline in Swedish industry's share of export markets over the past two years and the retrenchment which has been forced on once flourishing sectors like steel and shipbuilding.

The committee has been given a very broad brief and a free hand to decide for itself which problems to examine first.

Meanwhile, Mr. Falldin has arrived in Warsaw on a four-day official visit, his first outside the Nordic bloc since he took office in 1976. He is expected to sign a new trade agreement with Poland.



Dr. David Owen

## Schmidt spells out Bonn's terms

BY JONATHAN CARR

BONN, April 12.

CHANCELLOR SCHMIDT has spelled out publicly for the first time the conditions under which West Germany would be prepared to have the neutron bomb deployed on its territory.

The conditions are that the decision on deployment should be taken by the Atlantic Alliance as a whole and that the bomb should not be placed on West German territory alone. Herr Schmidt stressed to the Parliamentary group of his Social Democratic Party that this position had not changed since January.

Details of the Chancellor's remarks were released here on the eve of a visit to Bonn by the U.S. Defence Secretary, Mr.

Harold Brown, and of a Government declaration by Herr Schmidt covering NATO and European Community affairs.

The strength of the Bonn-Washington alliance has been widely questioned here, in particular since the apparent vacillation of President Carter over whether or not to produce the neutron bomb. It has been suggested that the President felt that too little support was forthcoming from Europe on the issue and that he was expected to go ahead with production without agreement from the Europeans on eventual deployment.

But Herr Schmidt's reference to January implies that Bonn, at least, had made its readiness

for eventual deployment clear to the President, even if the full position had not been made public.

Herr Schmidt repeated Bonn's known stance: that the decision on production was one for the Americans alone. Herr Schmidt added that West Germany was not a nuclear weapons State and did not want to become one by the back door.

The neutron bomb is likely to be discussed to-morrow by Mr. Brown and the West German Defence Minister, Herr Hans Apel. Another key issue will be the American airborne warning and control system (AWACS), which is intended to give earlier signal of enemy attack.



Herr Helmut Schmidt

## Tindemans pledge on deficit

By David Buchan

BRUSSELS, April 12.

PRIME MINISTER Leo Tindemans to-day promised Parliament that the 1978 current budget deficit would not rise above B.Fr.650m. (just over £10m.) and pledged that next year public spending would increase at a slower rate than the estimated rise in gross national product.

Mr. Tindemans said he would also be presenting to Parliament major proposals for the reform of state finance by the end of May.

Belgium, as the Prime Minister reminded MPs, still has a falling inflation rate (below 8 per cent.) and a strong currency.

But Mr. Tindemans made it clear to-day that concern over burgeoning state borrowing ruled out any specific Belgian reflationary measures of the kind that he said his fellow heads of Government had collectively endorsed at last week's Copenhagen EEC summit.

Mr. Tindemans said that there were now about 65,000 unemployed or double the number at the same time last year, who are in special Government work programmes. But by and large the Government seems to be relying on lower interest rates following the recent cut in the national bank discount rate to 5.5 per cent.—the lowest level for several years—to do the trick in reviving investment and creating jobs.

This year's current deficit—to which must be added a much larger capital account deficit to finance B.Fr.200m. worth of public investment—has been kept at B.Fr.650m. by cuts in Government expenditure.

## JENKINS OPTIMISTIC ABOUT CURRENCY PROBLEMS

# Nine united on need to take action

BY GUY DE JONQUIERES

LUXEMBOURG, April 12.

THE EEC has entered a "new period of opportunity" for finding solutions to its most pressing economic and monetary problems following last week-end's talks between heads of the nine Common Market governments in Copenhagen, Mr. Roy Jenkins, President of the European Commission, said to-day.

He told the European Parliament that the discussions, which focused predominantly on ways of stabilising currency movements through closer EEC monetary co-operation, had set in motion "a great intellectual movement in the log-jam from which we have suffered for some time past."

His optimistic tone was shared by Mr. R. E. Andersen, Danish Foreign Minister and current president of the EEC Council of Ministers, who said that the Nine had never before been so fully in agreement on the need to take action.

Both men cautioned, however, that no conclusive decisions had been reached in Copenhagen

and that much intensive work would be needed if the EEC were to produce concrete results in time for the seven-nation Western economic summit to be held in Bonn in mid-July.

While details of the Copenhagen talks remain secret, there are growing indications that Chancellor Helmut Schmidt, of West Germany, took an unexpectedly active part in encouraging his colleagues to undertake a fundamental re-examination of the factors underlying the present currency malaise.

Though apparently still sceptical about the feasibility of Mr. Jenkins's bold proposals for full monetary union, he is believed ready to consider seriously steps which the EEC might take on its own to restore a more stable exchange rate system, whether or not the U.S. agrees to tackle the problems caused by the dollar's steep decline.

Herr Schmidt appears to have moved significantly closer to the views of President Giscard d'Estaing. The French President has argued recently that

a major reason for the EEC's failure to match the growth rates of the U.S. and Japan has been its affliction with internal exchange rate turbulence, and has talked of the need to establish a Community currency "zone."

Mr. James Callaghan, the U.K. Prime Minister, has remained decidedly sceptical in the face of this entente, however. This may be partly because he went to Copenhagen expecting to discuss ways of boosting economic growth and was unprepared for such a far-reaching debate on currency questions.

But he has also made clear that he believes the root causes of currency instability can only be dealt with effectively in the wider framework of the International Monetary Fund, and must involve U.S. co-operation.

It appears clear that if the EEC is to make much progress towards a "common strategy" before the Bonn summit, a way must be found to bridge the gap between Mr. Callaghan's insistence that reflation be given the first priority and Herr Schmidt's over-

riding preoccupation with exchange rate problems.

This is likely to prove a sensitive task, depending at least as much on the two leaders' personal relations as on the nature of concrete proposals put to them. There is a risk, as one senior official put it, that this could be a case of ships passing in the night.

One point on which all nine leaders appear to agree is that the currency snake should remain intact in any future EEC exchange rate arrangements, and that it is not practical at present to enlarge its membership to include freely floating EEC currencies like sterling and the French franc.

One idea which appears to have attracted considerable interest in Copenhagen would be to use the European unit of account—which is defined in terms of a "basket" of EEC currencies—as a means of settlement between European central banks.

Such a system would greatly reduce the use of dollars as the main medium for central bank repayments. At a later stage, units of account might also be used to intervene on foreign exchange markets, though this would imply their acceptance as a reserve asset by countries outside the EEC.

An underlying assumption in any new currency arrangements is that there would have to be concerted action to control exchange rate movements. But, so far, there appears to be no agreement on how strictly the margins of fluctuation of EEC currencies should be defined, nor on the techniques for financing of the market intervention which would be needed to maintain them.

## Waldheim to be given Cyprus proposals

BY METIN MUNIR

VIENNA, April 12.

A TURKISH DELEGATION is arriving here to-night with fresh proposals but little hope for a settlement of the dispute in Cyprus between the island's Greek and Turkish communities.

Details of the plan, which will be handed to UN Secretary-General Kurt Waldheim to be proposed under which some of the Greek side from the Turkish side will put forward for the

first time concrete proposals on both the territorial and constitutional aspects of the dispute. It is also understood that a complete constitution has been drafted to establish a federation between the communities and that a new demarcation line will be proposed under which some of the Greek side from the Turkish side will put forward for the

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## OVERSEAS NEWS

## Cambodia claims to have repulsed Vietnam invasion

BY RICHARD NATIONS

CAMBODIA YESTERDAY claimed a major new invasion by "several" Vietnamese divisions backed by artillery and armour was launched last Friday. Radio Phnom Penh said that the Khmer forces repelled the invaders, killing 500 Vietnamese troops and destroying 20 tanks.

Although there have been clear signs recently of a significant Vietnamese military build-up along the length of the Cambodian border, observers contacted by telephone in Bangkok viewed some of the Cambodian claims with considerable scepticism.

Western diplomatic sources say that fresh Vietnamese units have been mobilised thus raising Hanoi's troop strength to over 100,000 along its common border with Cambodia. There have also

been reports of air alerts recently which one well informed Washington diplomatic source claims "almost invariably precedes a major military move by Vietnam." Some Washington Indo-China observers have been anticipating a Vietnamese push would begin on or about the Cambodian new year which begins tomorrow.

But diplomats doubt that the long predicted "dry season offensive" against Cambodia has actually begun. Although Khmer raids into Vietnam's sensitive southern provinces continue to irritate Hanoi, observers doubt whether the Vietnamese are yet fully prepared for, or committed to, an all out drive to bring down the Phnom Penh leadership.

Anything short of a drive on

Phnom Penh is unlikely to affect the power structure there as long as no significant divisions appear in the Cambodian ranks. A full-scale drive on Phnom Penh, however, would place the Vietnamese in a bad light diplomatically throughout the rest of the region.

Moreover, for the moment, Hanoi appears to be occupied with a new domestic campaign to "transform capitalist traders" and replace them with trading co-operatives and state stores.

Although the campaign is unlikely to lead to abrupt economic dislocation, some observers feel Hanoi would like to get the first phases of what is bound to be a delicate transition out of the way before opening a new military drive.

## Damascus blames Israel for road deaths

By Anthony McDermott

SYRIA yesterday accused Israel of having planted a listening device near the Damascus-Deraa road leading to Jordan, which had exploded on April 1 when army experts attempted to dismantle it. An official communiqué claimed radio-active particles had been given off in the explosion.

Nine soldiers and three civilians were reported to have been killed in the explosion when it was originally reported by Damascus Radio on April 2. It was noticeable that no less than three colonels were among the soldiers killed.

The Government-run radio at the time spoke of "booby-trapped mines and high explosive materials" and said Syria had complained to the command of the UN Disengagement Observation Force (UNDOF) about Israel having violated the 1974 agreement and having penetrated the disengagement zone to plant these mines.

A spokesman of the Israeli armed forces denied these accusations. Yesterday's official communiqué in Damascus said that the purpose of the American-made listening device had been to monitor telephone communications between Syria and Jordan and that it had been discovered not more than five days after its initial installation.

Ihsan Hilal adds from Beirut: Syrian troops of the Arab peace-keeping force to-day used rocket launchers, tanks and heavy machine guns to suppress rival Christian and Muslim militia who have been fighting for the past four days in two Beirut suburbs.

The forces resorted to stronger fire power after a truce arranged last night broke down and the factional clashes resumed.

The Syrians had brought in reinforcements which were posted along a half-mile road dividing the predominantly Christian quarters Ain Rummaneh and the predominantly Muslim neighbourhood of Chiyah.

Apartment buildings in Chiyah, and Ain Rummaneh where snipers were believed to be hiding, took direct hits, according to eye-witnesses.

Police sources put casualties at 23 killed and about 100 injured. Two Syrian soldiers and three Syrians were among the dead, the sources said.

Meanwhile, an Israeli soldier was killed in a clash with a Palestinian guerrilla band in the western sector of south Lebanon, the military command said to-day in Tel Aviv.

## COMMONWEALTH MINISTERS MEET TO-DAY

## Broker on the Common Fund

BY DAVID HOUSEGO

THE GATHERING of Commonwealth Ministers in London to-day comes at a time when there has been a marked improvement in the prospects for setting up the proposed Common Fund to stabilise commodity prices.

Since the breakdown in negotiations in Geneva in November between developing and industrialised nations on the shape of the Fund, Mr. Gamani Corea, the UNCTAD Secretary-General, has been touring Western capitals and the major developing countries to see what might be salvaged from the wreckage. His soundings suggest that a compromise is possible.

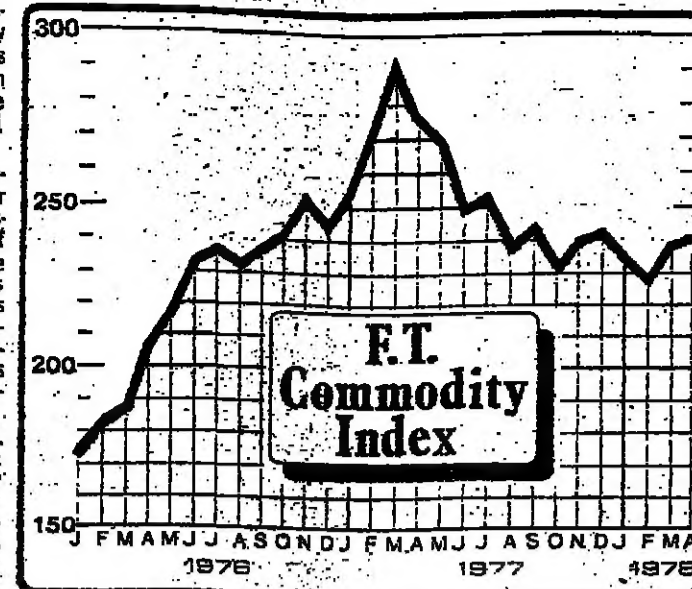
The Commonwealth Ministers, representing as broad a spectrum of international opinion as now hope to play the part of honest broker and nudge the two sides closer together. Their meeting had been scheduled for earlier this year but was postponed when there seemed no way out of the deadlock. The fact that it is now taking place is itself a sign of advance.

The apparent consensus that the gathering suggests, none the less conceals a great deal of bitterness in the Third World. They believe that the type of Fund likely to emerge—almost the only tangible achievement of the four years of the North/South dialogue—will have little substance.

Primary commodities account for nearly two-thirds of the export earnings of developing countries—more if oil is included. On the basis of U.N. figures the terms of trade between commodities and manufactured goods have been moving against commodities by about 2 per cent a year on average since the boom of the Korean war and are likely to continue to decline until the early 1980s at least.

The FT sterling commodity index is down 13 per cent on a year ago and 33 per cent on April 1976 (see chart). This is showing up in falling export earnings for developing countries and particularly for those economies—Jamaica and Zambia, for example, among Commonwealth members—highly dependent on a single product like sugar or copper. In the present depressed conditions of world trade there is little hope of making up the shortfall in commodity earnings by increased exports of manufactured goods.

In the light of the importance of commodity earnings in their economic planning, the Third World nations had hoped that the Common Fund would be a new international institution—a sister organisation to the World Bank or the IMF—to oversee the commodity markets, strengthen



their bargaining power and secure for them a transfer of resources. This approach was incorporated into the Integrated Programme for Commodities (IPC) put forward by developing countries in 1976 to cover 18 major products and which also included proposals for commodity diversification, improved marketing and measures of interest to the poorest nations.

The weakness of the Third World position has always been that there have been too many demands strapped to the plank in an effort to rescue the often conflicting interests of the Latin Americans, the Africans, the Asians and the OPEC countries. There was no chance that the West could swallow it whole.

The debate has persuaded most Western Governments that major swings in commodity markets would figure high in resumed negotiations between developing and industrialised countries which could occur in July of later this year. They are:

1—Deposit ratios. The West is

Mr. Edmund Dell, Secretary for Trade, is likely to preside over the Commonwealth Ministers two-day meeting yesterday that Britain would support a second window for the fund to aid the poorest countries if the buffer stocking facility could be established on lines acceptable to the West.

little catalytic effect in promoting new commodity agreements. It is unlikely to embrace more than a handful of commodities—tin, rubber, coffee, cocoa, jute, tea and possibly copper.

The main items for discussion among the Commonwealth ministers are the topics that would figure high in resumed negotiations between developing and industrialised countries which could occur in July of later this year. They are:

1—Deposit ratios. The West is

## Gandhi's party recognised

FORMER Prime Minister Mrs. Indira Gandhi's breakaway faction of the long-time ruling Congress Party has been recognised as the official opposition in India, Reuter reports from New Delhi.

The Lok Sabha, lower house of Parliament, accorded her party official status as the main opposition. The Rajya Sabha (Upper House) had already recognised the Indira Congress Party as the official opposition.

## Polisario claims 400 enemy dead

POLISARIO Front guerrillas fighting for an independent western Sahara against Morocco and Mauritania said they killed more than 400 enemy troops last month, Reuter reports from Algiers.

A communiqué carried by the Algerie Presse Service news agency said the Front had freed some 400 local people held by "the occupation troops" and took the village of Bir Lahlou.

## IEA meeting

THE International Energy Agency (IEA) opened a two-day Board meeting here yesterday to review energy conservation policies and new energy development projects, according to Reuter in Tokyo.

## Nimairi signs peace deal with right-wing

BY JAMES BUXTON

THE MAJOR Right-wing group which has staged coup attempts against President Nimairi of Sudan is to dismantle its guerrilla training camps and hand over its arms and equipment to the Sudanese army.

The opposition group, the National Front, announced in London yesterday that it will dissolve itself after reaching a public agreement with President Jafar Mohammed Nimairi's Government.

The agreement is a major step to completing the process whereby President Nimairi has been seeking reconciliation with the Right-wing groups which have tried to overthrow him.

Last September, one of the two leaders of the National Front, Mr. Sadiq el Mahdi, a former Prime Minister, returned to

Khartoum after reaching an understanding with President Nimairi and began a series of negotiations which led to some political changes in the country, including the release of a number of political prisoners and the holding in February of free elections than had been staged before under President Nimairi.

But substantial components of the National Front, led by Mr. Sherif el Hindi, a former Finance Minister, did not accept the reconciliation as arranged by Mr. Sadiq el Mahdi.

Yesterday, after seven days of intensive secret negotiations in London, a formal agreement was announced. It codifies in print many of the issues on which Mr. Sadiq el Mahdi may only have secured understandings from President Nimairi.

## Backing for Matanzima

BY QUENTIN PEEL

JOHANNESBURG, April 13.

CHIEF KAISER Matanzima, the Transkei Prime Minister, won some grudging support to-day for his break in diplomatic relations with South Africa, as Mr. John Vorster, his South African counterpart, was criticised for not reacting forcefully enough.

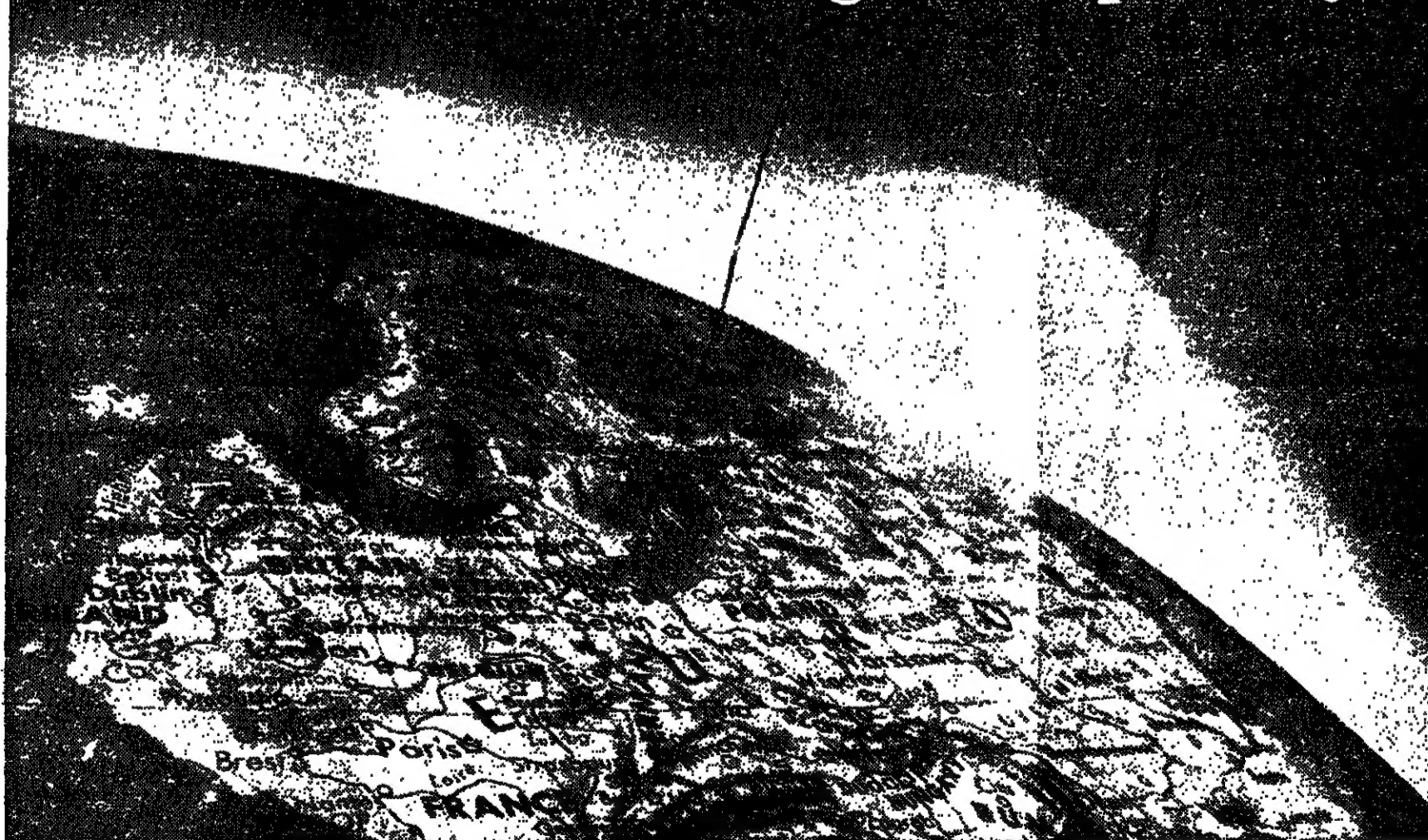
Support for Chief Matanzima came from members of the opposition groups in the Transkei

National Assembly, including 16 members who recently defected from his own Transkei National Independence Party. Another homeland leader, Dr. Cedric Phatudi, the Chief Minister of Lebowa, said he believed that Chief Matanzima had the right to demand the land he was owed by the South African Government.

Police sources put casualties at 23 killed and about 100 injured. Two Syrian soldiers and three Syrians were among the dead, the sources said.

Meanwhile, an Israeli soldier was killed in a clash with a Palestinian guerrilla band in the western sector of south Lebanon, the military command said to-day in Tel Aviv.

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## Why does a computer manufactured in Puerto Rico carry the stamp "Made in U.S.A."?

(Manufacturing in Puerto Rico is manufacturing in the U.S.A.)

The Commonwealth of Puerto Rico is an integral part of the United States. That's why a computer, golf ball, pair of blue jeans or pair of shoes manufactured in Puerto Rico is as "Made in U.S.A." as the same product made in U.S.A. Any product manufactured in Puerto Rico can enter the U.S. market without paying custom duties or surcharges.

But it is more profitable. Puerto Rico's work force is abundant (a million strong, with 31% under 35 years of age), skilled (average of 11.7 years of schooling) and more productive (return of \$4.03 on the dollar v.s. \$3.36 for Mainland U.S. workers). Average hourly wage is \$3.09 v.s. \$3.73 for Mainland U.S. workers.

Easier. The Government of Puerto Rico grants nearly establishing incentives up to 100% tax exemption for periods between 10 and 30 years. It also assists new industries with the construction or leasing of industrial buildings. And it facilitates repatriation of profits.



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It is time you found out all the advantages of investing in Puerto Rico/U.S.A.



هكزامن الشهر

Another company uses the portable U-Matic to record the Sales Director giving training advice. So that even if a salesman is working the Scottish region he can still get a refresher course from the best salesman in the company.

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**"And that ends this month's board meeting. It'll be shown again next Monday at 1pm."**

Board meetings shown like television programmes?

It's not a glimpse into the future. Nor is it one or two trendy companies practising 'open management'.

It's an idea used regularly by one of the largest corporations in the country to show shop floor staff and middle management what goes on behind the closed doors of the boardroom.

Ten years ago, the idea would have turned the boardroom into a television studio. (Which is obviously why it didn't happen.)

Today, all it takes is one man and his Sony U-Matic portable video system.

Basically a small colour video camera with a video recorder, the portable U-Matic is being used increasingly in industry to help communications between management and workers. And vice versa.

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## AMERICAN NEWS

## Boeing seeks U.K. ruling on 737 order by next week

BY MICHAEL DONNE

SEATTLE, April 12.

BOEING OF THE U.S. would like British Airways to state by next week whether or not it intends to buy 20 Boeing 737 short-range jet airliners, worth about \$120m. (\$240m.).

This is not an ultimatum by Boeing but stems from the company's desire to establish as far in advance as possible its likely future work programme so that it can ensure smooth production flows from sub-contractors to the assembly line at Renton near Seattle.

Demand for the Boeing 737 short-range jet airliner is now so great that Boeing's output for the rest of this year and 1979 is sold out. The company is now planning its production for 1980.

To meet the demand for the 737, Boeing is planning to raise its output from three aircraft a month to four a month by June of this year, to five a month by November and to seven a month by next March. Production could go even higher, perhaps to 10 aircraft a month, by early 1980 depending upon the extent of airline demand.

The British Airways order, if approved by the U.K. Government, would account for such a large part of total Boeing 737 production in 1980 that the manufacturer wants to earmark slots on the production line at its Renton factory well in advance. If British Airways for political reasons cannot get the Boeing date for a "preliminary notification of intention to proceed," it risks losing those production slots to other Boeing 737 customers and delaying delivery of its aircraft until later in 1980.

## NY death penalty vetoed

BY JOHN WYLES

NEW YORK, April 12.

GOVERNOR HUGH CAREY of New York yesterday bravely confronted his state legislature and a sizeable body of public opinion by vetoing a Bill to restore the death penalty.

This move would create some political storm at any time but the fallout could be even greater now since this is a gubernatorial election year in New York and public sentiment has been inflamed by the murder last week of two New York policemen.

The two Republicans who are seeking their party's nomination to challenge Governor Carey in the autumn, State Senator Warren Anderson and Assembly

man Perry Duryea, have campaigned for death penalty legislation and will be leading attempts in both Houses of the State assembly to secure the two-thirds majorities necessary to override the Governor's veto.

New York State's existing legislation was declared unconstitutional last November and the controversial new legislation was sent to the Governor ten days ago. In his message to the legislature, Governor Carey took his stand on moral grounds.

"I do not believe that the state should take life because the criminal has done so"—and on the argument that there is no evidence that the death penalty is an effective deterrent.

## Confidence in Carter's economic skill eroded

By David Bell

WASHINGTON, April 12.

**PUBLIC CONFIDENCE** in President Carter's ability to deal with the economic problems of the U.S. has eroded rapidly according to a new poll which indicates that most Americans expect the situation to worsen.

According to a CBS-New York Times poll, only 32 per cent of the people approve of Mr. Carter's handling of the economy. Even among those who voted for him in 1976 a small but clear majority disapproved of his approach to economic problems.

The poll shows that for most Americans the economic situation is as always, the major villain and 45 per cent of those polled said that they expected it to get worse. The poll was taken before Mr. Carter's anti-inflation speech yesterday but it is unlikely that this will have made much difference to the public perception.

Only 5 per cent of those polled said that unemployment is a major problem and Mr. Carter thus gets little or no credit for a year in which the unemployment rate has fallen by nearly two percentage points. Sixty-three per cent of those questioned say that not only is inflation the major issue but that it will worsen significantly.

Unless the Administration can change this pessimistic view of events, Mr. Carter faces trouble on at least two fronts. Politically it can do him nothing but harm especially since he made a particular issue of the need to improve the economic situation in his election campaign and it is the issue on which most elections turn.

But the perception that inflation will get worse—one-third of those questioned predicted double digit inflation within a year—also poses severe economic problems. The belief that prices are going to rise can all too easily feed on itself encouraging unions to press for higher wages and companies to push up prices in a self-defeating cycle.

## U.S. COMPANY NEWS

New products boost Burroughs; Major banks report first-quarter profits well ahead; Control Data well set

IT WAS one of the largest political demonstrations staged in Santo Domingo and the streets of Christopher Columbus's old city were blocked with a crowd of 200,000 for hours. The reason at first glance was bizarre. The people turning out in the capital of the Dominican Republic last month were greeting the Prime Minister of Portugal. The event however had much more significance than the celebration of the rather tenuous concept of Dominican-Portuguese relations. Sr. Mario Soares, the Portuguese leader, was in fact heading a political mission of great importance: the first high-level embassy sent to Latin America by the Socialist International, the grouping of the world's labour and social democratic parties.

The Socialist International has existed in different forms since it was first founded by Karl Marx in 1848, but has long since put aside any exclusive commitment to Marxism. Its members include such disparate bodies as the British, Irish and Israeli Labour Parties and the French, Italian, Portuguese and Japanese Socialist Parties.

Its purpose is not to set out policies for member parties to follow, like some latter-day Comintern, but rather, in its own words, "to strengthen relations between affiliated parties and to co-ordinate their political attitudes by consent."

From its inception the SI tended to be European oriented. From its headquarters over a shop in St. John's Wood High Street in London it concentrated the bulk of its effort for years on

## THE SOCIALIST INTERNATIONAL

## Third World commitment

BY HUGH O'SHAUGHNESSY

fostering relations among the social democratic parties of Western Europe. At the last SI congress, in November, 1976, in Geneva, the decision was taken to place much greater emphasis on the Third World and break out of the "European ghetto."

The man chosen to push through this change was Herr Willy Brandt, the former West German Chancellor, whose interest in the problems of world development was underlined last year by his selection to head a commission to examine the "future of North-South relations."

Since 1976, the SI has tried to demonstrate its commitment to the Third World and to extra-European activity. Last year, a party leaders' conference was held in Tokyo and Mr. Olof Palme, the former Swedish Prime Minister, led a mission to Southern Africa. In May the SI bureau meets in Dakar for the first time outside Europe. All this non-European activity enhances the importance of the overseas members of the SI who, besides those already named, include parties from Argentina, Chile, Malaysia, Mauritius, Senegal and half a dozen other Third World countries.

The Soares mission to Latin America and the Caribbean last month, visiting as it did Mexico, the Dominican Republic,

Jamaica, Costa Rica and Venezuela, complemented the activities in Africa and Asia. The mass turnout for the Soares mission was a triumph not only—or perhaps not even primarily—for the Portuguese Premier. It was also a show of force for the Partido Revolucionario Dominicano, the Dominican affiliate of the SI which is contesting country-wide elections in a few weeks' time and which, by ballot rigging notwithstanding, hopes to challenge the iron rule of President Joaquin Balaguer who has maintained himself in power one way or the other since the U.S. invasion of 1965. The mixture of pomp, nervousness and impatience with which President Balaguer himself received Soares—who he insisted on treating as the Portuguese Premier rather than as a vice-president of the Socialist International—indicated the importance the event had in the Dominican context.

But the stay in Santo Domingo, like the other high point in the visit, the long discussions the SI team had with Premier Michael Manley and his People's National Party, the Jamaican affiliate of the International, also emphasised the difficulties that surround the SI's task in Latin America.

Mr. Soares himself, for instance, stands well to the right of the SI political spectrum. His view of socialism and the Euro-communists is very different from that of, say, M. Francois Mitterrand. It was no secret that Mr. Manley and Sr. Soares disagreed on the role of Cuba in the Caribbean and the world. By sending Sr. Soares to lead the mission the SI robbed the ultra-conservatives who hold the reins of power in many countries of the region of the chance of portraying the International as an extreme Left-wing movement in hock to the Kremlin. No one could accuse Sr. Soares of being soft on Communism.

But the Soares mission also pointed to the ideological differences which will make it difficult for the International to speak with a single voice to Latin America and its development problems. As a result of these difficulties it will be an uphill task for the International to set up the sort of organisation in the area that the Communists and the Christian Democrats have had for many years past.

At the same time, from the Latin American end there are often doubts in the minds of local political parties about the wisdom of maintaining any international links and the risk of appearing to be someone's puppet. The SI adds such journeys.

Some Latin Americans are also exercised about the apparent dominance of German interests in the International symbolised by Herr Brandt's presidency. In some quarters in Latin America there is a feeling that the SI is little more than a cover for the German Social Democratic Party (SPD). The SPD is extremely active in Latin America through its Friedrich Ebert Foundation, which offers courses, scholarships and trips to Europe for the region's potential and actual leaders. It is the SI just another disguise for the fourth Reich, and is the SPD, thinking of the interest of its voters, and just opening Latin America to German salesmen. Unfair as these questions may be, they are likely to persist while the International lacks specific and detailed policy towards the development needs of the region. Conscious of these doubts and difficulties and, too, of the increasing importance of Latin America, politicians active within the SI fear that much more attention in the future will be given to Latin America and the working out of common positions among all members which reflect the economic and political realities of the region.

The Soares mission last month looks like being the first of many such journeys.

## New Panama treaty talks

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, April 12.

PRESIDENT CARTER was due to confer today with Senator Dennis DeConcini, the Arizona Democrat whose amendment to the first Panama Canal treaty has infuriated Panama and made passage of the second treaty more problematical.

Supporters of the treaty are hoping to persuade Mr. DeConcini, a first-term Senator, to introduce a second reservation to the second treaty which would

have the effect of spelling out in greater detail the limitations inherent in his first proposal, which gives the U.S. a unilateral right to intervene in Panama after 2000 to keep the canal open. The senator has declared his intention to introduce a second reservation but its content remains unclear.

But the matter is nicely balanced in the Senate, which has scheduled its crucial vote for April 18.

## Sacked Reed chief sues in Canada

BY JAMES SCOTT

TORONTO, April 12.

MR. ROBERT Billingsley, who was sacked last May as president and chief executive of Reed Paper of Toronto, is seeking damages of \$1.1m. from his former employer for breach of contract and wrongful dismissal.

In a suit filed in the Supreme Court of Ontario, Mr. Billingsley claimed that he was wrongfully dismissed because an employment agreement required that he be given not less than 24 months' notice.

His suit also names as a defendant Reed International of London. Reed International and its Canadian unit have denied the allegations and have filed a counter-claim for \$1m. in damages from Mr. Billingsley, alleging that he failed to provide faithful, responsible and efficient management to Reed Paper and its subsidiaries. Mr. Billingsley has denied that claim.

## Demonstrations in Ecuador over bus fares

Violent demonstrations and street fighting have continued in the Ecuadorian capital as students protested against the rise in urban bus fares. Santa Kendall reports from Quito. Hundreds of people joined an empty, sunbaked, march through the streets of Quito and there were several wounded when police broke up the demonstration. Schools have been temporarily closed, and two radio stations were shut down.

## Venezuelan oil output

Crude oil production in Venezuela has risen to more than 3m. barrels per day, and oil exports have improved to the point where "the short recession in production" has been overcome, the Venezuelan Energy Ministry states. Joseph Mann writes from Caracas. During the first two months of this year, production fell off sharply. Fearful of oil revenues considerably below those budgeted, authorities ordered across the board cuts in 1978 government expenditures of more than \$460m. However, the Ministry now states that although average crude production as far as 1978 averaged about 1.8m. b.p.d.,

## Venezuela opposition head criticises Perez record

BY JOSEPH MANN

CARACAS, April 12.

A FORMER President of Venezuela, Sr. Rafael Caldera, has been referring to the stark time delivered a stinging attack on the current administration. Perez government since prices of charging that it has implemented petroleum exports rose in 1977, an uncoordinated and "absurd" economic policy, and that it has failed to continue a number of important programmes begun by the previous administration.

Sr. Caldera, leader of the main opposition party, the Social Christian Copel, handed over the presidency to the current incumbent, Sr. Carlos Andres Perez, in March, 1976. The former president who continues to enjoy great popularity among Venezuelans, was addressing the Senate. His speech was a response to President Perez's state address a month ago. Sr. Caldera called for a change in policy in order to avoid the trend of increasing expenditures in a wide variety of areas and asked where the real results could be found. Venezuelans now ask themselves "where is all the money?"

## Home hunters get personal help from the Greater London Council computer.

House hunting is always a headache, but the Greater London Council has a bigger job than most. Its Housing Scheme involves allocating council houses and flats as fairly as possible amongst thousands of people who need homes urgently. People like teachers or transport workers, essential to the capital, as well as others whose growing families, illness, change of work or adaptation problems oblige them to move. The council currently receives about 1500 requests a week for urgent accommodation.

The fact that the council can cope, is largely due to an IBM computer system, installed in 1974. Housed at the GLC's headquarters in Central London, the computer is connected by Post Office lines to terminals in 8 district offices. Into the computer are fed details and personal needs of families seeking relocation. This data is stored by the computer, and updated regularly. Based on the GLC's allocation policy and each family's situation, the computer helps establish a priority order. It then searches through its data on all the houses and flats available, matching families' requirements to property characteristics in accordance with the priority scheme. The computer even helps communicate the solution to the applicant. It automatically

prints out a letter inviting the family to visit the suggested location. Following this, it keeps track of whether or not the suggestion was accepted. If it wasn't, family and flat go back to be matched again.

Sometimes two families seeking help are ideal for each others' houses. The computer is also programmed to recognise this, and print letters making the suggestion for a mutual exchange. The GLC says the number

of allocations they can deal with has doubled thanks to this system. And since the computer provides a more scientific matching process, there is now a higher acceptance rate of the allocations made.

Plans are in hand to extend the system for lettings enquiries to ten more districts. And just recently, the system won the British Computer Society's award for the UK system of the "Greatest benefit to Society".



## IBM in Europe is 90,000 Europeans.

There are over 90,000 IBM employees in Europe. They work at 7 research and development laboratories, 7 scientific centres which are usually associated

with local universities, 14 manufacturing plants, 26 support centres, over 150 computer centres and over 300 sales locations, throughout Europe.



## The port of Antwerp is now ship-shape.

Antwerp is one of the busiest ports in Europe. When the Antwerp council acquired an IBM computer, the port became one of the system's main areas of activity.

The computer is used for the entire port administration. This includes the control of 18 warehouses containing equipment and spare parts needed to keep the port in operation. The computer produces invoices for

all port services, such as the use of tugs and cranes, and the renting of space in the warehouses. It also checks on all incoming and outgoing ships to simplify loading and docking.

Back on dry land, the same system is helping to keep the town of Antwerp in smooth running order. The computer calculates the salaries, taxes and pensions of all council workers, about 12,500 people. It computes the private pensions of over 8,000 others and helps with a yearly census of the total population of Antwerp. It maintains a register of inhabitants and their changes of address, and keeps track of the housing situation. It does the entire council's book-keeping. It issues reminders for medical check-ups, and handles all administration for general elections.

مكتبة النجف



## WORLD TRADE NEWS

**\$390m. export credit for Hong Kong power contract**

BY MARGARET HUGHES

**\$390m. EXPORT** credit to finance the contract awarded to EC Turbine Generators for supplying turbine generators and associated equipment for the proposed 700mw Hong Kong power station was signed in London yesterday by Kowloon Electricity Supply Company (KESCO) and J. Henry Schroder Bank as lead managers.

The loan is the largest to be guaranteed by Britain's Export Credits Guarantee Department (ECGD). Financed in U.S. dollars, the loan brings the total ECGD-backed foreign currency buyer credits to more than £1bn, the target that the department had originally set for the year as a whole.

The actual contract between KESCO and GEC Turbine Generators was signed last week. A letter of intent was issued to GEC in January. GEC will supply two 350mw turbine generators and associated dual fuel boilers, for which Babcock and Wilcox will act as subcontractors. GEC will also provide the mechanical and auxiliary parts for the new power station.

The contract represents one of the rare occasions on which Britain's Department of Industry has been actively engaged in negotiations, with Lazard's acting as the department's financial advisers. It is now hoped that further stages of the overall power project, such as the transmission line, which are potentially worth as much as the current contract will also come to Britain.

It is also understood that KESCO has been involved in negotiations for obtaining coal supplies for the dual-fuel power station from China, with a possible tie-up whereby British manufacturers will supply the mining equipment that China would need to exploit its coal reserves to meet the power station's requirements.

Schroder claims that the terms of the loan comply with those set by the Government's agreement on export credits, classifying Hong Kong as an "intermediate" country. The rate of interest is understood to be 7.75 per cent, with a repayment period of 8½ years from commissioning, scheduled for March 1983.

The loan, negotiated within the overall terms agreed last December by ECGD and KESCO, of a new company set up for the project by the Esso affiliate Eastern Energy (with 60 per cent.) and China Light and Power (with 40 per cent.) is being provided by a syndicate of

16 Hong Kong, U.S. and U.K. banks.

Schroder maintains that the flexibility of the financial package helped to secure the contract for GEC. In particular it emphasises the security package agreed with KESCO and accepted by ECGD in lieu of recourse to KESCO shareholders should the final costs exceed the initial financial commitment.

This includes a scheme of control by the Hong Kong Government whereby KESCO's tariffs are both fixed and adjusted annually to provide a guaranteed return on net fixed assets. That means that an allowance is made in fixing the level of tariffs to cover loan repayments should there be cash flow problems.

Provisions have also been built in for deferment of loan repayments and for pre-payment without penalty. In addition there is allowance for cancellation of part of the loan, amounting to some \$90m, to \$100m, should additional contracts for site supervision, technical advisory services and the supply of gas turbines not be placed within 18 months.

All three contracts are in fact expected to be placed shortly by the State Planning Commission, and is due to arrive in Britain on May 6 for a three-week visit. It will then spend three weeks in France the sources said.

**China to send trade missions to Europe**

PEKING, April 12.

CHINA will send three major economic missions to Western Europe on inspection tours in the next few weeks, diplomatic sources here said.

An agricultural delegation headed by Hsiao Nan, vice-minister of the First Ministry of Machine Building dealing with agricultural machinery, is due to leave here later this month under the present schedule. The delegation will visit Italy, France, Britain and Denmark.

The second delegation will be led by Ku Ming, vice-minister of the State Planning Commission, and is due to arrive in Britain on May 6 for a three-week visit. It will then spend three weeks in France the sources said.

They said this delegation is particularly interested in seeing modern industrial enterprises and how they are run.

The third delegation will be led by the Minister of the metallurgical industry, Tang Kuo, and is expected to visit West Germany, Austria, Denmark, Luxembourg, and Britain.

A group of 12 leading industrial companies who will take part in the first regional trade mission from the United Kingdom to visit China were named by the North of England Development Council yesterday.

They include Coles Cranes, Cable and Wireless, Whessoe Heavy Engineering, Dunlop (oil and marine division), Davy Ashmore International, A. and A. Appledore (London) and Albright and Wilson.

**India and Pakistan agree on hydro-electric project**

BY OUR OWN CORRESPONDENT NEW DELHI, April 12.

INDIA and Pakistan today reached an agreement in principle on the design and construction of Salal hydro-electric project, which has been a matter of dispute between the two countries for a long time.

Making the announcement, Mr. Agha Shahi, foreign affairs adviser to the Chief Marshal Law Administrator of Pakistan, said the agreement was "one of the most important" between the two countries.

He told a Press conference: "I very much hope the two sides will be able to sign the agreement before I leave for Pakistan tomorrow."

Experts on the two sides are evolving the text which will embody the agreement in principle. It was hammered out after two days of talks Mr. Agha Shahi had here with the Indian Prime Minister, Mr. Morarji Desai, and the External Affairs Minister, Mr. Atal Behari Vajpayee.

Mr. Agha Shahi said the agreement "hopefully will lead to conclusion of the protracted negotiations held at Governmental level since the project was first proposed by India in 1970."

In a statement he made before answering the questions at the Press conference, Mr. Agha Shahi expressed his satisfaction at his talks with the Indian leaders which, he said, had been held in "a friendly and relaxed atmosphere."

He said he was returning to Pakistan with the confidence that, like Mr. Vajpayee's visit to Pakistan, his visit to India "has been a step forward in the process of normalisation of Indo-Pakistan relations to which the two Governments are fully committed under the Simla agreement."

The Salal hydro-electric project is being constructed by India on the river Chenab in Jammu and Kashmir.

**Racal gets £3m. in patent suit**

BY MAX WILKINSON

RACAL-MILGO, the U.S. subsidiary of Racal, has been awarded \$5m. damages against United Business Communications in an action for infringement of patents.

The damages were awarded by the U.S. district court of Kansas for infringement of three data communication patents.

The judge said that in view of the defendant's "deliberate infringement and the unusual lengths to which the defendant went in copying Milgo's inventions" he would treble the damages, costs, expenses and for infringement of three data communication patents.

**Stone-Platt wins £11m. Polish order**

Stone Wallwork International.

part of the marine division of Stone-Platt Industries, has contracted with the Polish firm with Metalexport, Poland.

It is to supply complete core-making facilities for a new foundry to be erected at Lublin and an extension to the existing foundry at Ursus. The new facilities will provide grey and nodular iron castings for Massey Ferguson tractors and Perkins engines being licence-built in Poland.

The Lublin foundry contract is for five separate core lines, each designed for particular tractor or engine core assemblies, and 36 Eurocor coreblowing machines, tooling, sand mixing equipment, raw material and finished core conveyors. The Ursus extension involves a further 23 Eurocor and a fully automatic moulding unit. The equipment will be produced in the company's Green-wich, Glasgow and Bognor works, the Dulke, West Germany, works of Roperwerk.

**U.S.-Swedish engine**

The Garrett Corporation of the United States and Volvo Flygmotor of Sweden have agreed to develop jointly a new low-bypass-ratio military turbofan engine. Development will be based on an existing Garrett engine and will meet expected demand during the 1980s. Work will be carried out in both countries.

**£2m. boiler export**

NEI International Combustion has won a £2m. contract for Fletcher and Stewart to manufacture and supply two water tube boilers for a sugar factory in Somalia.

**USSR buys plant**

Metallurgimport of the USSR has ordered two Raymond Milling Plant, three-roller and two five-roller milling plants, with spares, together worth nearly £500,000. The deal was secured by NEI International Combustion.

**Kuwait factory deal**

The Danish timber industry company Krüger and Company has signed a contract with the Gulf International group, Kuwait, to build and equip Kuwait's first furniture factory. Hilary Barnes writes from Copenhagen. The contract is worth about Kr.25m. to Kr.30m. (£2.3m. to £2.8m.).

**U.K. phone contract**

The Hong Kong Telephone Company has ordered color box telephones worth approximately £200,000 from GEC Telecommunications. Most will have a heavy steel plate case and handset and cords designed to prevent pilfering and damage.

**Soviet-Swiss science exchange pact starts**

BY JOHN WICKS

ZURICH, April 12.

A TEN-YEAR co-operation agreement started this month between Switzerland and the Soviet Union aimed at developing scientific, industrial and technological links between the two countries.

The agreement foresees exchanges of goods and services, joint construction of industrial installations and expansion and modernisation of existing plants, as well as co-operation in industrial and agricultural production and the exchange of expertise, licences and technologies.

There will also be an exchange of experts under the terms of the agreement, partly intended to enable joint research and development projects to take place. Swiss Government liabilities under the country's export risk guarantee scheme rose sharply, by some Sw.Frs.3.5bn., in 1977 from the negative-interest ruling, to reach Sw.Frs.456.7m. by the end of December.

For last year, the share of total Swiss goods exports covered by export risk guarantee, averaging just over 85 per cent. of billing coverage, was some 18.9 per cent.

There was a particularly sharp increase last year in new to cover foreign sales of the machine-building industry.

**Renault launches new car**

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

RENAULT, THE nationalised French vehicle manufacturer, today launches a new competitor in the medium-size saloon car market as part of its programme of annual new model introductions up to 1980.

The R18 goes on sale in France immediately and will be progressively introduced in the rest of Europe during the summer to reach Britain next January. It is designed to fit into the sector of the market between the R12 and R16 and has an overall length of a little over 14 feet. It will compete with vehicles such as the Ford Cortina and Fiat 131.

The car is to be made at the company's Flins plant, with output planned at an initial rate of 200 vehicles a day. That will build up to 800 a day by November, increasing steadily after that.

There have been suggestions that it will also eventually be new car later this year.

**Britain in £6m. Dubai venture**

BY CELIA MAY

DUBAI, April 12.

CEMENTATION, WITH its local joint-venture partner Galadari, to be signed for a year. The consultants for Deira Bazaar are an Arab-German consulting and engineering company, Emirat Consulting Architects/Klein and Partners. Emirat Real Estate, with the Mohammed Bin Khalifa Al National Bank of Abu Dhabi, has arranged financing, management and marketing.

Called Deira Bazaar, the eight-storey building, owned by Sheikh Mohammed Bin Khalifa Al Maktoum, chairman of the Lands Department of Dubai, is Dubai's first large construction contract.

**IBM Reports.**

**Swedish nursery school staff have more time for children.**

Since the nursery staff of the municipality of Täby have been relieved of most of their administrative work, they have more time to spend with the children.

The change came about because Täby municipality asked IBM to help improve their administrative routines. Now the IBM Datacentre deals with the

calculating of fees, the billing and record keeping. Practically the only administrative work left for the nursery staff is to fill out and send in a simple attendance record.

Everyone seems to be content with the new system. Parents pay to the municipality through the post, so their relationship with nursery staff is happily free of money problems. The staff themselves say they are more relaxed and have more time for the children, who in their turn get more and better care. The system also gives the municipality a clearer picture of expenses and attendance at the nurseries.

In other words, grown-ups and children alike benefit from having a computer system take care of as much as possible of the nursery administration.

**Luxembourg's water problem cleaned up.**

A new computerized water resource system in Luxembourg helped significantly in 1976's severe summer drought. The system was able to help plan a daily supply of 82,000 m<sup>3</sup> using surface water from the Esch-sur-Sûre dam instead of Luxembourg's traditional underground source. This allowed the region to cope with the extra demands the wells couldn't meet.

The IBM computer controls water feeding from the dam to

the treatment stations, the five treatment phases, pumping to the receiving reservoir, and distribution of the water, which provides over half of Luxembourg's daily needs. It also has built-in alarms to control reservoir levels and water quality. It keeps day to day data on consumption in different areas and produces graphs to illustrate these.

Luxembourg's Water Resources Management say the system means that they can now answer the differing demands of every area with water of consistently high quality.

**IBM UK and the future.**

IBM UK is growing. And so are its headquarters. Opened in 1976 at North Harbour, Portsmouth, these occupy a 125-acre site on land reclaimed from the sea by IBM as a major part of the Portsmouth Harbour reclamation scheme. Already a second major office building is planned which will double the space available.

North Harbour is just one example of IBM's rapidly expanding investment in Britain. There have been large extensions to the manufacturing plant at Greenock, Scotland, and to the development laboratory at Hursley, near Winchester. The first phase of a new marketing centre at Warwick has been completed, and the second phase is well under way. Work has begun on extensions to the manufacturing plant at Havant in Hampshire. And a technical centre is under development at Greenford Green in West London.

Since 1951, IBM United Kingdom has grown from one office with less than 100 employees, to an employer of over

14,000 people, nearly all of whom are British. Their activities have introduced new technology and associated skills into the United Kingdom. Among the 48 locations they work at is the largest IBM development laboratory outside the United States.

In 1977, IBM UK's tax provision was 53 million pounds. Profit after tax was 57 million pounds, and capital investment was 89 million pounds.

IBM is working in the United Kingdom to provide data processing systems, office equipment and related services which offer commerce, industry and government new, more effective ways to increase their productivity.

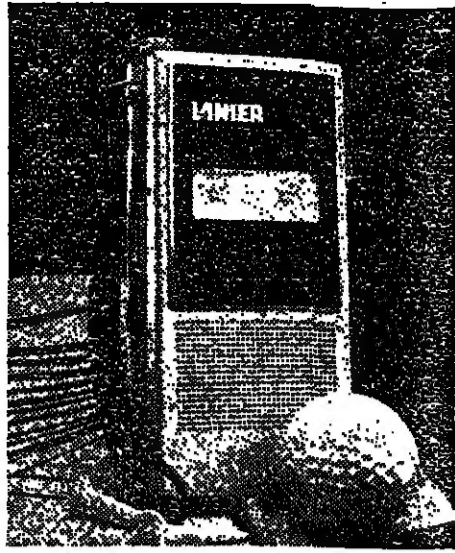


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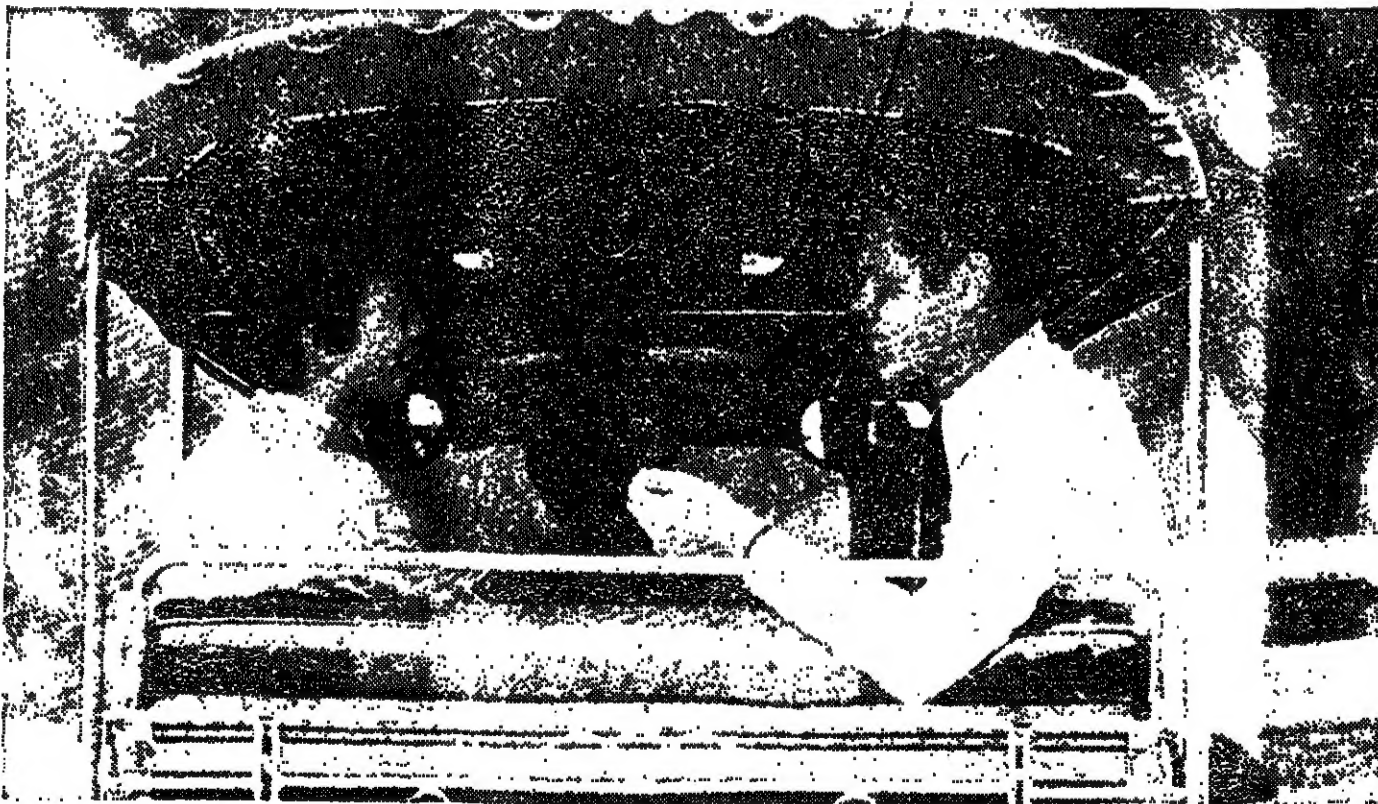
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## HOME NEWS

CALLAGHAN AGREES TO MEET DELEGATION

### Mersey councils bid to attract industry

BY RHYS DAVID, NORTHERN CORRESPONDENT

THE COUNTY authorities on Merseyside, where more than 8,000 jobs have been lost over the past three months in a series of closures, are to establish a new organisation aimed at stimulating industrial investment in the area.

The Prime Minister has agreed to meet an all-party delegation from Liverpool to discuss the area's unemployment problems. Merseyside county council has agreed to the creation of a new Economic Development Committee which will have under it an expanded development team—the Merseyside Industrial Development Office (Mido)—in place of the Merseyside Industrial Development Office (Mido).

Plans for the new organisation to spend £3.5m. on various industrial promotion and environmental measures were unveiled recently in the annual budget of the county by the chairman, Sir Kenneth Thompson. The committee will have 11 members drawn on an all-party basis from the county council, plus one member from each of the five Merseyside districts.

Unemployment on Merseyside has now reached more than 80,000, or 12 per cent of the

labour force, with much higher rates recorded in some pockets within the area.

Mr. Callaghan's decision, received yesterday rather than an extraordinary meeting of Liverpool city council called to consider unemployment and the apparent recent decline in the economy base.

Previously Mr. Callaghan had declined an invitation to come to Merseyside to see the position for himself. The council leader, Councillor John Hamilton said the all-party delegation would also include representatives of industry and the trade unions.

After a two-hour debate the council called on the Prime Minister and his colleagues to introduce at the earliest possible date such additional and special measures as would lead to an uplift in the economy and an increase in employment and job opportunities.

The council pledged full co-operation in support of any such measures and urged employers and trade unions to do likewise.

### Engineers urged to keep up-to-date

By Michael Dixon, Education Correspondent

MECHANICAL engineers should be required to keep their knowledge up-to-date through continuing education as a condition of keeping their professional status, the Institution of Mechanical Engineers' qualifications board suggested yesterday.

"Statistics would seem to indicate that professional engineers in Germany, the U.S., Japan and elsewhere are much more ready to learn and share experience gained than their counterparts in the U.K.," the board reported after an 18-month study headed by Mr. J. C. Dawson, chairman of Zenith Carburator.

The report also urged a weeding-out of degree courses in engineering which fall short of the IME's requirements for professional status. "Many more degree courses may in future fail to meet the Institution's standards," Mr. Dawson declared.

#### Recommendations

From 1985, professional acceptance should be refused to courses which failed to provide teaching on the engineer's role in society, including relevant aspects of management, accountancy and law.

Courses which fell short could be adapted to suit—along with developments at the level of Higher National Diploma—the educational needs of technician engineers.

This sub-professional group should be catered for by a new institution, said the report, and the standards for qualification as a technician engineer should be given close study.

Among its 44 main recommendations, the Dawson Report also proposes that would-be professional mechanical engineers should undergo a period of practical training between leaving school and starting their degree course.

"The Board believes that this greater insistence on pre-academic training will also help solve the increasing problem of persuading trades unions to allow realistic shop-floor training."

### Peterlee company wins Euroloan

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

DJB Engineering, of Peterlee, Co. Durham, yesterday became the first British company to receive a loan from the European Investment Bank under its scheme to assist small and medium-sized concerns in development areas.

Mr. Alan Williams, Minister of State for Industry, signed the £2m. agreement with EIB officials in London.

The scheme, he said, was intended to make loans of between £50,000 and £25m. available. As EIB loans were considered private resources, regional grants could be paid on top of them.

For DJB—which is to increase its workforce from 400 to about 850 within three years—the interest relief grants payable by the Government meant that the gross interest rate of 8.5 per cent, from the EIB is reduced to an effective rate of just under 2 per cent.

"Five years ago," Mr. Williams said, "Mr. David Brown, the chairman, was considering going to Canada to set up his operation and I was only a few years before the Department of Industry, which suggested that if he opened at Peterlee he would receive a grant that got him off the ground."

"This is an exciting development in stimulating growth in the development areas."

### Airlines cut fares to U.S.

LOW-FARE London-Texas flights were announced yesterday by British Caledonian and British Midland Airways.

British Midland Airways yesterday announced a record profit of just under £1m. The pre-tax profit of £1,473,000 compares with £90,000 last year.

Best foot forward BRITISH FOOTWEAR manufacturers' deliveries in December last year, at 11.8m. pairs, were down 7.9 per cent. compared with December 1976. But total deliveries for 1977, at 135.1m. pairs, were 4.2 per cent. higher than in the previous year.

£1 coins The Isle of Man, which still issues 50p banknotes, is expected to issue Britain's first £1 coin. The island's Parliament will be asked next week to authorise the Manx Treasury to issue the coins.

Dock opens Bristol's £28m. Portbury Dock opened to commercial shipping yesterday, eight months after its official opening. The delay was caused by industrial problems.

Record profit BRITISH MIDLAND Airways yesterday announced a record profit of just under £1m. The pre-tax profit of £1,473,000 compares with £90,000 last year.

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### Frans Post landscape fails to find buyer at £38,000

THERE WAS a big disappointment in Sotheby's sale of Old Master paintings yesterday—which totalled £512,100 in the morning session—when a landscape by Frans Post depicting a river scene in Brazil in 1667 failed to find a buyer and was bought in at £38,000, about half its estimate. Probably the fact that there have been many similar pictures by Post on the market in recent years caused the failure.

The best price was £25,000 (plus the 10 per cent. buyer's premium) from the Brod Gallery for "Still Life of Strawberries" by Adriaen Coorte. Another still life of flowers and fruit by Ambrosius Bosschaert the Younger went for £22,000 and yet another, this time of sea shells and seaweed by Anne Vallayer-Coster, realised £21,000.

A view of London with a fair on the frozen Thames, painted in the late 17th century by Jan Griffier the Elder, sold for £17,000, and "Country Folk outside an Inn" by Jan van Goyen made the same price. The National Portrait Gallery, bidding through Leitzart, paid £4,500 for a 1628 portrait of James Hay, first Earl of Carlisle, by George Geldorp.

A medals and decorations auction at Sotheby's totalled £51,405. Hayward paid £3,000 for a Boer War group of three medals and the presentation sword awarded to Colonel Lumsden of Lumsden's Horse, Kleinen, a Swiss dealer, bought a Vatican Equestrian Order of the Holy Sepulchre for £2,900.

A Sotheby's, Belgrave, sale of English furniture and bronzes totalled £90,842. A bronze, after Lord Leighton, entitled "The Sluggard" sold for £1,200 to the Fine Art Society.

The National Museum of Antiquities, Edinburgh, paid £23,000 at Christie's yesterday to acquire a pair of Scottish all-steel snaphaunc pistols of exceptional size. Measuring 26 inches in length, they dated from 1660.

They probably were made for Sir John Dalrymple (1648-1707), the first Earl of Stair, who obtained from King William III

the decree which led to the massacre of the MacDonalds at Glencoe in 1692.

The pistols were one of 39 lots in yesterday's sale, consigned by the present Earl of Stair and which, of themselves, totalled £48,340. The sale itself realised £133,588.

Two late 16th Century Saxon wheel-lock pistols, with contemporary accoutrements, sold anonymously for £12,000. They are believed to have been in the collection of William Randolph Hearst. The Tower of London was also active in the sale room, buying three lots. It paid £2,600 for a flint-lock sporting gun with Spanish two-stage barrel, mid-18th Century.

A pair of Flemish flint-lock coat pistols, again mid-18th Century, were acquired for £2,500, and a silver-hilted back sword, with slightly curved blade, late 18th Century at £1,000.

A sale of jewellery by Christie's in New York on Tuesday totalled £1,294,572 (\$2,268,230) with 90 per cent. of the items sold. A diamond ring, set with a square emerald-cut diamond, weighing approximately 26.95 carats, realised £397,222 (\$715,000).

It was extremely difficult, a spokesman said, to ensure that all safety procedures, many of which were not mandatory, were being followed at all times by all personnel.

One Hundred Fatal Accidents in Construction SO 90p.

### Babcock to end housing work

By Michael Cassell, Building Correspondent

BABCOCK AND WILCOX is to pull out of house building and home improvement work. The decision, announced yesterday, follows heavy losses by its Hardstock subsidiary.

The group, which yesterday also announced pre-tax profits for 1977 of £32.2m., said that losses on its housing and home improvement operations had amounted to £4m. and the appropriate time had arrived to withdraw from this type of business.

Hardstock employs about 800 people, although Babcock hopes that many workers will be transferred to other contractors who may be taking on some of the unfinished work. Redundancies could be confined to fewer than 150 office staff.

Hardstock has worked through-out the country and its activities have been mainly centred on the local authority sector.

#### Warning

Turnover for the company has fluctuated between £15m. and £16m. a year since it was taken over by Babcock as part of the acquisition of Woodall-Duckham in 1973. In 1976 the company, which had a record of reasonable profits, warned that its performance would be affected by the reduction in local authority expenditure.

Mr. John King, chairman of Babcock, said the Hardstock losses were the result of "inadequate site control, extensive remedial work, failure of subcontractors and worsening delays beyond contract terminal dates."

He added that house building and improvement work formed no part of the group's long-term policy and that operations would continue only to the extent necessary to complete existing contracts. No new work was being taken on.

It is thought that Hardstock has about £8m. worth of contracts outstanding, many of which will be finished by the middle of the year. It is expected that Babcock's disengagement from housing work will be completed by early 1979 at the latest.

Babcock results, Page 25

### Standards of safety criticised

By Our Building Correspondent

FURTHER HARSH criticism of the high accident rate in the construction industry came yesterday from the Health and Safety Executive.

In an analysis of 100 deaths recorded in the construction sector over six years up to 1976, the Executive claims that management was primarily responsible in two-thirds of the cases.

The report follows the release last month of another Health and Safety Executive document in which the construction industry was criticised for failing to improve safety standards. It forecast that as many as 2,000 workers in the industry could be killed in the next decade unless standards were improved. In 1976, 154 workers employed on construction work were killed, against 161 in 1975.

Yesterday's report says that of the 100 fatalities examined, 68 involved a readily foreseeable event which ought to have been seen by management as a risk.

It also concludes, however, that 14 of the accidents happened because the dead worker failed to take reasonably practicable precautions.

The most common type of accident, responsible for 34 deaths, involved a fall by the victim. A further 26 were caused by falling materials.

#### One at a time

The report comments: "The men involved were construction workers going about their normal work."

"They were not working at the frontiers of technology, they were simply picked off one at a time."

"The vast majority of these accidents can be prevented by the competent exercise of normal professional skills, by adequate training and supervision and by the establishment of safe systems of work."

The report does, however, concede that many construction projects are undertaken in difficult and changing conditions, and that many factors make the construction process potentially dangerous. The Federation of Civil Engineering Contractors last night welcomed the report as "a very useful document."

But said that the report itself emphasised the problems of controlling the behaviour and motivation of individual workmen.

It was extremely difficult, a spokesman said, to ensure that all safety procedures, many of which were not mandatory, were being followed at all times by all personnel.

One Hundred Fatal Accidents in Construction SO 90p.



# NEB buys electronics sector stake

BY MAX WILKINSON

NATIONAL Enterprise has bought a 25 per cent stake in Computer and Systems, a small company which makes and markets computers and electronic equipment. The move could form part of a series of acquisitions by the company, which is now in a co-operative effort to research and develop new equipment and electronics. The company is now in a co-operative effort to research and develop new equipment and electronics. The company is now in a co-operative effort to research and develop new equipment and electronics.

## Evidence 'not nonsense' - Bank case witness

FINANCIAL TIMES REPORTER

FORMER solicitor's clerk reply to some questions by Mr. Walsh and the meeting took place in the Waldorf Hotel only because it was a convenient stopping-off point on his way home. During cross-examination Mr. Walsh agreed that another defendant in the trial had told him there was never any intention to defraud the Bank and the dollar premium operation was merely contrived as a "front" to get money from two businessmen who were not connected with the Bank in any way. Mr. Wales, of Chislehurst, Kent, and five others, deny conspiring between 1975 and 1976 to get money dishonestly from authorised dealers in investment currency. The trial, which opened last week, is expected to last nearly two months.

# Building societies attack mortgage restrictions

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

CRITICISM of the Government's decision to restrict mortgage lending because of fears about rising house prices came yesterday from two of the country's largest building societies. When the societies announced last month that they were cutting their monthly lending quota to about £650m. instead of the scheduled £720m., as a direct result of Government pressure, there was little immediate public criticism. Now, however, several societies appear to be criticising Ministers' intervention and seem anxious to ensure that the artificial mortgage reduction is not maintained beyond the end of June when the two sides will examine the impact of the lower level of loans on house prices. Earlier this week, the Leicester Building Society criticised the lending reduction and the Cheltenham and Gloucester yesterday made similar complaints. Mr. Charles Jessop, chairman of the Cheltenham and Gloucester, whose managing director, Mr. Ralph Stow, is chairman of the Building Societies Association, said yesterday that the Government's move was "particularly deplorable" at a time when societies had ample funds to lend. Mr. Jessop said that many would be disappointed because of the lending cut-back. He said that there was "no real evidence that the availability of mortgage money has any effect on house prices." Total assets of the Cheltenham and Gloucester rose by more than 26 per cent last year to £505m. Another building society chief, Lord Hill of Luton, chairman of the Abbey National, said yesterday in London that an artificial dampening down of house prices by restricting mortgages "may be heralded as successful housing policy in the short-term whereas it could prepare the ground for an escalation of prices in the future." Lord Hill said that, in the meantime, the renewal of confidence which was beginning to appear within the house building industry would be lost. "If prices are to achieve the steadiness which is sought, there must be a restoration of house building to the level which meets demand." The hard fact is that to deny funds when demand is already seemingly insatiable will leave even more people unsatisfied. This demand will not go away, it is simply likely to build up and, sooner or later, lead to a price explosion. "The restriction in lending will at its best be a short-term palliative and not a solution," he said. Building societies have reluctantly agreed to the reduction, not because they believe that it is the right solution, but because the movement does not want again to be accused of precipitating a house price explosion. Lord Hill said that loans for modernisation and repair were not being restricted. Members of the Wolverhampton and Merceia and the Midshires building societies yesterday gave overwhelming approval to the proposal to merge the two societies. The new society, to be known as the Midshires, will have assets of £220m. and more than 50 branches.

## Jobs created for 70 in steel closure town

MORE THAN 70 new jobs will be created in Hartlepool, Cleveland, one of the towns most seriously affected by British Steel's closures, in a packaging factory to be established by a Midlands group. Normid Packaging of Smethwick is to rent British Steel's former tonnage oxygen plant, which was last used in 1969. BSC (Industry), the steel corporation's subsidiary formed to attract new industry to steel closure areas, is spending £200,000 to convert the building for Normid's use.

The company hopes to occupy the building in July and at the start will employ 30 people. The total of 72 which it plans to employ eventually will include about 60 men.

Normid specialises in export packing and claims the move will enable it to offer an improved service to customers. Unemployment among men in Hartlepool is running at about 12 per cent. In recent years British Steel's labour force there has dropped by about 3,000 including the loss at the end of last year of about 1,500 jobs with the closure of steelmaking in the town.

## Textile traders' sales down in most sectors

SALES in most areas of the hardware went up by 11.6 per cent. Eight other sectors, including children's wear, boots and shoes, women's knitted outerwear, blouses and skirts showed a drop in sales compared with last year. Sales for January and February of this year also increased in only four sectors compared with the same period for 1977. All but two of the 12 sectors covered by the association's figures showed a drop in stock at the end of February, 1978, compared with February, 1977.

## Big brewery groups attacked

GOVERNMENT ACTION to competition in the brewing break up Britain's six big breweries was demanded yesterday by CAMRA, the Campaign for Real Ale, which published its 1978 Good Beer Guide. Mr. Roger Protz, the editor, said the takeovers and mergers that had produced the "Big Six" brewers should be unbreweries or draught lager, scrambled to restore genuine choice for beer drinkers and able than normal ales.

There are a number of criteria by which the success of a building society can be measured. One can judge it by the number of families becoming home-owners or acquiring fresh homes. In the case of Abbey National the figure in 1977 was 113,158.

Or by the size of its Total Assets, which in our case stood, at the end of last year, at no less than £5,413 million, an increase of £1,067 million or 24.5%.

Then again, one can measure it by its net receipts from Shareholders and Depositors, which in 1977, including interest credited to accounts, were £999 million, an increase of £416 million or 71%.

To soften the effect of falling interest rates for our investing Members and Depositors we have twice in the last six months held the rate on existing balances above that applying to new money.

So one could go on. For example, 850,000 new investment accounts were opened during the year, representing nearly 3,000 every working day... By all these tests, as by others,

**Abbey National has had a most successful year.**



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£227 million was lent on new houses. The amount lent on houses built before 1919 went up to £255 million.

A quarter of new advances was made to people earning less than £20 a week. Nearly 54% of all new advances went to first-time purchasers.

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Abbey National Building Society, Abbey House, Baker Street, London NW1 6XL.

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## AFTER THE BUDGET

## Increased borrowing expected in year ahead

By Peter Riddell, Economics Correspondent

BORROWING by central Government last month was higher than a year earlier, and is expected to rise sharply during the coming 12 months, principally as a result of higher public spending.

The final details of the 1977-78 outturn for central government financial transactions were published by the Treasury yesterday, as an addition to the information included in Tuesday's Financial Statement and Budget Report (the Red Book).

This shows that the central government borrowed £1,333bn. last month, compared with £1,190bn. in March, 1977. The difference is mainly explained by higher expenditure, notably on debt interest.

For 1977-78 as a whole, the central government borrowing requirement was £4,490bn., compared with a forecast level of £4,460bn. in the Budget a year ago.

A detailed examination of the Red Book shows that the much lower level of borrowing is mainly explained by a high level of repayments of debt by nationalised industries—£695m. against a forecast rise in net borrowing of £84m.—which more than offset a rise of £304m. in lending to local and harbour authorities.

Revenue was also more buoyant than expected, notably Corporation Tax which was £3,350bn., compared with an adjusted Budget projection of £2,580bn.

Corporation tax receipts are expected to rise to £4,170bn. in the coming financial year. Overall Consolidated Fund revenue is projected to rise by 10½ per cent. between the past financial year and 1978-79.

However, this is expected to be more than offset by a 16.8 per cent. increase in Consolidated Fund expenditure and higher payment on the National Loans Fund, notably reflecting higher debt interest payments.

The central Government borrowing requirement is projected to rise to £7,940bn. in the current financial year.

The Red Book also notes that underspending by both central and local government is likely to have been larger in 1977-78 than estimated in last January's expenditure White Paper.

## School meal subsidy will cost £377m.

By Michael Dixon, Education Correspondent

THE TAXPAYERS' subsidy to the school meals service will be about £377m.—or about two thirds of the total cost—as a result of the Government's Budget decision to withhold a projected addition of 10p to the 25p price of a school dinner from next September.

Mrs. Shirley Williams, Secretary for Education and Science, announced in London yesterday that none of the cost of withholding the price increase would fall on local education authorities.

Local councils would be reimbursed in full from central funds both for the extra meal expenditure and for restoring milk allocations.

## Small businesses study to emphasise investment

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE GOVERNMENT'S six-month study of ways of helping small businesses cope with financial and other problems is to continue into the summer with special emphasis on ways of encouraging private investors to take stakes in such companies.

This was announced yesterday by Mr. Harold Lever, Chancellor of the Duchy of Lancaster, who last September was given the job by the Prime Minister of co-ordinating the Government's small businesses policies.

The announcement followed Tuesday's Budget which included taxation and other measures to help small companies. It is estimated that these will cost about £300m. a year.

They included some changes to capital transfer and capital gains taxes which were first announced in last October's economic package, as well as new items such as an increase from £7,500 to £10,000 in the registration limit for VAT.

Reporting on the work he has done over the past six months in conjunction with Mr. Bob

Crier, the Department of Industry Junior Minister responsible for small firms, Mr. Lever said: "This is not a once-and-for-all package but a continuing attempt to meet the needs of small businessmen."

The objective was to create an "atmosphere of increased enthusiasm" in small companies and the Prime Minister was "in the forefront" of encouraging the new policies.

Mr. Lever also made it clear that the main reason for the Prime Minister's interest was that the Government was convinced that small rather than large companies were better equipped to expand their labour forces and so cut unemployment.

Of his future work, Mr. Lever said: "How can we encourage the private investor to invest in small firms? At present the system tends to push savings into insurance companies and pension funds which cannot be expected to provide the risk capital required by countless small firms."

"I would like the small business man to compete for savings with leading bankers, would consider whether the clearing banks and institutions could do more to support small businesses. But he was not convinced yet that Government-backed guarantees for bank loans were necessary, would be the 'most cost-effective' way of helping small firms."

Mr. Lever said he wanted to "add magnetic attraction to these small firms to attract the cash from the small investors."

Linked with this, Mr. Lever, effective way of helping small firms who has had a meeting recently with leading bankers, would consider whether the clearing banks and institutions could do more to support small businesses. But he was not convinced yet that Government-backed guarantees for bank loans were necessary, would be the "most cost-effective" way of helping small firms.



Mr. Lever: wants to create an "atmosphere of increased enthusiasm" in small firms.

## Higher Social Security benefits

BY ERIC SHORT

## THE NEW RATES

	Weekly rates	
	New	Old
Retirement and widows' pensions		
Single person	19.50	17.50
Married couple	31.20	28.00
Unemployed and sickness		
Single person	15.75	14.70
Married couple	25.50	23.80
Widows' allowance	27.30	24.50
Maternity allowance	15.75	14.70

\* 25p is added if aged 80 or over.  
† Payable for first 26 weeks of widowhood.

SICKNESS and unemployment benefits are being increased as of November to £15.75 a week for a single person and £25.50 a week for a married couple, compared with the present rates of £14.70 and £23.80 respectively. These rises were announced yesterday by Mr. David Ennals, Secretary of State for Social

Services, when he disclosed to the Commons complete details of improvements in all social security benefits costing £670m. in 1978-79 and £1,800m. in a full year. The new rates will come into effect from the week beginning November 13.

Pension and other long-term benefit rises were given in Tuesday's Budget speech by the Chancellor of the Exchequer. Pensions are being improved by 11.4 per cent. to £19.50 per week for a single person and £31.20 for a married couple.

Unemployment and sickness benefits are thus being increased by only 7 per cent.—a much lower rise than for pensions. The Social Security Act, 1975 set out the basis upon which social security benefits are to be reviewed by the Secretary of State. Increases in pensions and other long-term benefits are to be based on the higher of earnings or prices changes, but short-term benefit rises are to be based solely on prices.

The Government is anticipating an 11.4 per cent. rise in earnings in the 12 months from last November, when benefits were previously increased, but only a 7 per cent. increase in prices.

Thus pensions are to have their real value improved, in accordance with Government policy, but unemployment and sickness benefits only have their value maintained.

The real value of pensions has increased by 20 per cent. since 1974. Mr. Ennals also amplified the proposed increases in child benefit payments, also announced in the Budget. He pointed out that the major increases announced to £3 per week from November and to £4 per week per child from next April demonstrated the Government's determination to give direct help to families who had had their living standards held down during a difficult period.

Robert Sheldon Financial Secretary, said it was in recognition of the distinctive features of the work of the "danglers" which entitles their vulnerability to a long-term health hazard, the exceptional travelling difficulties they involved and the shortness of their working life.

In the Finance Bill, divers will be excluded from PAYE.

## Imperial might abandon tobacco substitute

BY OUR CONSUMER AFFAIRS CORRESPONDENT

IMPERIAL Tobacco, which last year destroyed 45m. unsold cigarettes containing new smoking material, might withdraw from the market for tobacco substitute because of the absence in the Budget of any measure to stimulate the flagging sales of these brands.

The company hoped the Chancellor might find a way of reducing the duty on cigarettes containing substitutes to give them a price advantage over ordinary brands. Imperial knew for some time that a differential tax might cause problems with the EEC, but it does not appear to have given up hope until Tuesday.

Imperial's options seem to be either to withdraw altogether and close the £15m. plant at Ardeer, or to reduce the number of NSM brands it sells. All tobacco companies have been extremely disappointed by the sales of cigarettes containing substitutes since they were introduced last year. The trial rate was far lower than expected and the share of market taken by these brands is only 3.3 per cent.

Sales of NSM cigarettes were not helped by the campaign against them launched by the Government financial anti-smoking organisation, ASH. This campaign, coupled with the fact that the Government encouraged the companies to invest heavily in the development of a safer cigarette, led the companies to accuse the Government of adopting an ambivalent attitude to the new cigarettes.

The tobacco companies are believed to be considering asking the Government to delay the implementation of the 7p a packet "health tax" on high tar brands announced in the Budget. The industry says it wants more time to consider how to react to this move.

come not only to stop the particular schemes we know about, but to ensure that no schemes of a similar nature can be marketed in future."

One way the industry could survive would be by marketing individual schemes on a far smaller scale, so that it would not be worth the Government's while to go through the unpopular process of retrospective legislation to curb a small abuse in each instance.

"This is one option we are considering," Mr. Tucker said.

Elsewhere in the industry another option being considered is an increased use of companies as vehicles for avoidance.

WITH THE Budget behind it, will buy up car sales for the rest of the year.

This is just the sort of Budget which is favoured by the industry. For years, it has been telling the Chancellor that it wants as few fiscal changes as possible, so that it can plan on a long-term basis. Shifts in the taxation system in the past, it argues, have destroyed effective planning by inducing sudden changes in demand.

The industry started the year with a forecast that registrations would be a little over 1.4m. But sales last month, at 179,000, were the best ever achieved in March, and some manufacturers now believe that the market could reach 1.6m. for the year.

This would compare with the 1.65m. achieved in 1973, and the 1.6m. in 1972.

The Budget will certainly do nothing to damage this target. The Chancellor has left the industry entirely alone, while, it believes, creating a slightly better business climate which was described by Mr. David

## Over 200 face tax avoidance measure

By David Freud

THE RETROSPECTIVE legislation against an artificial tax avoidance scheme announced in the Budget will hit an estimated 200-300 people who used it over the last two years on incomes totalling £15m.

A smaller number of companies will also be affected. The legislation, which will make arrangements based on the "commodity carry" scheme invalid from April, 1978, will destroy the rationale of the tax avoidance industry.

If the industry survives at all, it is likely to be in a very different guise. However, the retrospective aspect of this direct attack on tax avoidance makes a Parliamentary row over the issue inevitable, and it is not altogether certain that the Chancellor will be able to carry the measure on to the Statute Book.

Estimates in the tax avoidance industry—widely dominated by six main companies—put the number of individuals who used the "commodity carry" scheme at 200-300. The average income each individual put through the scheme was about £30,000.

Because the cost of using the scheme was high—between 20 and 30 per cent. of the income—many people will find that when the retrospective legislation catches up—presenting tax demands with marginal rates of up to 98 per cent.—they will be heavily out of pocket on the whole exercise.

The "commodity carry" scheme worked through individuals going into partnership with a company to obtain technical losses in a series of commodities futures transactions.

Before the corresponding profits were realised the individuals sold out for a capital gain.

Mr. Roy Tucker, the avoidance expert who marketed the scheme in association with another tax company—the Roshomon Group—said yesterday that it would be virtually impossible to arrange to repay the costs of using the scheme.

"The money disappears in all sorts of financial transactions to ten different places. One simply could not get it back," he said.

In his Budget speech, the Chancellor said: "The time has



MR. ROY TUCKER  
No cost repayment

come not only to stop the particular schemes we know about, but to ensure that no schemes of a similar nature can be marketed in future."

One way the industry could survive would be by marketing individual schemes on a far smaller scale, so that it would not be worth the Government's while to go through the unpopular process of retrospective legislation to curb a small abuse in each instance.

"This is one option we are considering," Mr. Tucker said.

Elsewhere in the industry another option being considered is an increased use of companies as vehicles for avoidance.

BY MICHAEL BLANDEN

THE TWO major credit card organisations, Barclaycard and Access, yesterday offered their holders easier repayment terms after the removal of controls in the Budget.

As a result of the change nearly 4m. Barclaycard holders and the 3.2m. people who have Access cards will be required to pay a minimum of £5 a month or 5 per cent. of their outstanding debt, whichever is the greater.

This is a substantial easing from the previous requirement of a minimum repayment of £6 or 15 per cent. imposed by the Government. The change is expected to lead to a significant rise in the average length of credit provided by the credit card organisations and to make them more competitive with alternative forms of borrowing such as hire purchase.

It could bring an increase in the average amount of credit provided. It will certainly help to improve the profitability of the credit card operations for their banking owners.

The previous controls were imposed in the December 1975 Budget, and had an immediate impact on credit card operations. As a result the average period for which credit was provided fell sharply from up to about nine months to about four months.

This in turn hit the banks' profits from credit cards, although last year both groups reported that they had moved into a significant profit.

The easing of terms responds to the position before the restrictions were imposed, allowing for the effects of inflation. The card organisations hope it will bring a similar extension of the amount of credit they provide to customers.

Normally about a third of card customers take extended credit regularly. A similar portion might use it occasionally and the rest pay up their debt each month. The card organisations are expecting a steady increase in the amount of credit provided.

The rise in interest rates following the 1 per cent. increase in the Bank of England's minimum lending rate to 7½ per cent. is not expected to bring any immediate changes in the rates charged by the credit cards. At present Access charges 11 per cent. a month compared with 11 per cent. Barclaycard.

The card groups also announced that cash advances, until now limited to 50 per cent. of the credit limit, will be subject only to a cardholder's personal credit limit.

The Budget has again been a disappointment to the many card companies, which have been arguing repeatedly for a relaxation of the controls on car purchases.

Leading

Mr. Ronald Barnes, the chairman of the Finance House Association, said yesterday's statement credit was now only of lending single for specific controls on car purchases.

The terms controls on car purchases have been in force since December 1973. The Finance House Association has been pressing the Government for the repayment period to be extended from 24 months to 36 months.

Mr. Barnes repeated a finance house point that appeared the controls were as much as a restriction on the amount of credit, because of foreign car manufacturers.

pitched high for the psychology of reason that an improvement in a person's financial position is not a reason for an optimistic forecast.

Laing and Crickhead, who the PSBR forecast will be the undershoot, although it is likely to be limited.

Most forecasts say that the balance of payments, over-optimistic, has forecast of inflation of more than 8 per cent. by the middle of next year.

Both Wood, Mackenzie and Phillips and Drew expect a come of earnings growth in next year round to be about 10 per cent.

According to Wood, Mackenzie this would put the year's rate of increase in the retail price index at over 10 per cent. in the first half of 1978.

Phillips and Drew expect a rise of 11-11.5 per cent. by the fourth quarter of 1978.

Hedderley, Sterling and Grange note that the Chancellor has admitted that the RPI would be in the new financial year, over personal earnings are running half last year's level.

Phillips and Drew forecast this year, compared with a Treasury estimate of £7,940bn. in the new financial year, in view of the favourable impact of the Sea oil.

HOUSE OWNERS and tenants are to receive substantial protection in the Government's new domestic waste heat. New measures, forecast in the Chancellor's Budget speech, could cost the Government £15m. in the first year of operation and £240m. over ten years.

The scheme was outlined yesterday by the Prime Minister who said at a conference of women's organisations that a Government programme aimed at encouraging insulation in public buildings and council houses was to be extended to the private sector.

Occupants will be able to apply to their local authority for a grant of 66 per cent. towards the cost of loft insulation, pipe and duct insulation in the roof space, and hot water tank lagging. The maximum grant will be £50 a house, and it is expected that 500,000 homes will be covered in the first year.

Mr. Callaghan said that the necessary legislation would be presented this summer in the Government's new domestic waste heat. New measures, forecast in the Chancellor's Budget speech, could cost the Government £15m. in the first year of operation and £240m. over ten years.

On the face of it, the announcement marks a change in Government policy. In December Mr. Anthony Wedgwood Benn, Energy Secretary, launched a £300m. energy-saving campaign aimed at assisting the public sector. Mr. Benn said then that the Government expected industry and private home owners to recognise the economic benefits of conservation and make the necessary investment in insulation.

Dr. John Cunningham, Food and Agriculture Minister, warned that fuel costs would continue to put pressure on household budgets. Energy prices could double in real terms by the end of 1978.

Mr. Michael Posner, of the Advisory Council for Energy Conservation, said that over the next decade energy prices could rise by half in real terms.

Sir Monty Finniston, a director of Searc Holdings and former chairman of British Steel Corporation, felt that restrictions in supplies of fossil fuels would dampen world economic growth. British people were already in a "no-growth" mood, he said. Americans were now moving in that direction.

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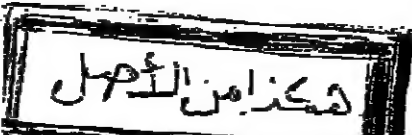
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1976		1977
DM 2,653 million	Business Volume	DM 2,864 million
DM 2,451 million	Total Assets	DM 2,642 million
DM 2,226 million	Deposits	DM 2,362 million
DM 1,329 million	Bills and Advances	DM 1,509 million
DM 110 million	Capital	DM 110 million
DM 7,213 million	Consolidated Total Assets	DM 7,861 million

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## PARLIAMENTARY AND POLITICALS

## Barnett hints at mini-budget after Bonn economic summit

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A STRONG hint that the Chancellor of the Exchequer intends to introduce a mini-budget after the world economic summit in Bonn in July was given to the Commons yesterday by Mr. Joel Barnett, Chief Secretary to the Treasury.

Speaking in the opening stages of the three-day debate on Tuesday's Budget, he made a harsh attack on artificial tax avoidance schemes and gave full backing to Mr. Healey's proposals for introducing retrospective legislation to eliminate some of them.

He also told the House that in future the Government would try to legislate against objectionable avoidance schemes in order to stamp them out immediately they start.

In addition, Mr. Barnett said that the Government would, at some date, like to extend the new lower band of 25 per cent. income-tax rate in order to embrace more workers.

He was replying to Sir Geoffrey Howe, shadow Chancellor, who attacked the Budget proposals and called for an entirely fresh approach. Sir Geoffrey saw a grave risk that the Conservative Government's left office, Sir Geoffrey said: "The Budget is nothing more than a short-term response to pressures of short-term influences."

From the Government front bench, Mr. Barnett argued that Tuesday's Budget would make a contribution to world trade expansion. There were, however, very strict limits to what could be achieved against a slow background in world trade.

"I am hopeful that the world summit in July will make it possible to do more," he added. This brought shouts from the Tories, who demanded further elucidation. But Mr. Barnett merely taunted them with bluffs of further budgetary measures to come later this year.

"Getting worried by what we might do at the end of July?" he jeered.

On tax avoidance, he emphasised that he was referring to schemes that were totally artificial, with no real financial or commercial results other than a fee to the organiser and a large reduction in tax to the detriment of all other taxpayers. Those who sold the schemes had others ready on the shelf as soon as one was countered.

In the past, he said, the House had been reluctant to approve retrospective legislation but had done so back to the date when the scheme was first detected.

But there had always been a period of secrecy, during which the marketers of the schemes and their customers benefited before the legislation could take effect. They knew the situation and planned accordingly.

"I hope the House will agree that this is wholly unsatisfactory and that we can show those

concerned that for the future the game is just not worth the risk."

He proposed that the Government should legislate in each case as it came to its attention in such a way as to remove all tax advantages of a scheme from the outset. This should be done without harming those who genuinely engaged in any commercial transactions to which the artificial arrangement might be attached.

He explained that in the years 1973-74 tax avoidance from such schemes was of the order of £500m. But last year, there had been a real escalation. In 1976-77 alone, the sum involved was £200m, and now the Government knew of a single claim which was seeking to establish a loss of £100m.

"We owe it to the ordinary taxpayers to stop it," he said. "If, in the process, those who play with fire in this way get their fingers burned, I hope we shall shed a few tears for them."

Turning to the reduced tax band of 25 per cent. announced in the Budget, he recalled that the measure applied to 4m. people.

"I see this as a start on the road to making the basic rate in the future for millions more," he declared.

For the Opposition, Sir Geoffrey attacked the Chancellor's "advising" economic record. Gross Domestic Product was well below the level of five years ago, living standards were down, the pound had halved its value and unemployment had almost trebled.

Money supply was turning out this year ahead of the top limit of the monetary targets and the Tories took no comfort from the fact that next year's monetary target was only slightly below this year's.

Next year public expenditure was going to increase by 6 per cent. to £31bn.

The Budget contained massive increases in public expenditure and tax cuts administered in the wrong way. It was hostile to skill, to enterprise, to job and wealth creators and to the environment.

The total tax changes proposed in the Budget would, he said, mean that a man earning above £15 a week would find the reduction almost entirely offset by the increase in National Insurance contributions.

The person on £120 a week would in fact be considerably worse off as a result of the tax changes and the increase in National Insurance contributions.

He thought it was more like a tribute to the site of the new Liverpool Teaching Hospital, whose costs have risen from £11m. to more than £50m. and which was "tending to the category of a major scandal" in Mr. de Caux's words, yesterday.

He said that the site of the new Liverpool Teaching Hospital, whose costs have risen from £11m. to more than £50m. and which was "tending to the category of a major scandal" in Mr. de Caux's words, yesterday.

At the Labour Party conference the Prime Minister had said that we could not spend our way out of a recession. But in Sir Geoffrey's view this was now

## Liberals want bigger cuts in income tax

BY IVOR OWEN, PARLIAMENTARY STAFF

LIBERAL MPs will vote for bigger cuts in income tax than those proposed by the Chancellor, Mr. David Steel, Liberal leader, assured the Commons last night in the resumed debate on the Budget.

But the party has yet to decide whether to support a reduction in the standard rate from the present 34 per cent. or attempt to widen the new 25 per cent. lower rate on the first £750 of taxable income.

Mr. Steel accused the Chancellor of having been "rather timid" and chided him for failing to give the psychological stimulus particularly in relation to higher rate taxpayers, which would have been produced had he followed the more expansionist strategy advocated by the Liberals in pre-Budget consultations with Treasury Ministers.

The pressures within the Liberal ranks for ending the Lib-Lab pact were highlighted by an intervention from Mr. Cyril Smith (Rochdale) who called on his leader to make it clear that an amendment to reduce the standard rate, "members of this party will vote for that amendment."

Mr. Steel replied that this was one option open to Liberals MPs while another would be to seek to widen the new lower rate band, the narrowness of which he had



Mr. David Steel

earlier described as "particularly disappointing."

Liberals would certainly pursue one of these options but a final decision should await the re-casting of the party's budgetary proposals.

Mr. Steel complained that there had been a failure of nerve by the Chancellor when he shied away from making a substantial

reduction in the burden of income-tax at the upper level. It was intolerable that Britain should have such swiftly rising rates of income-tax, culminating in 83 per cent.

He recalled that the Liberals had suggested a 1 per cent. or 1½ per cent. increase in the employers' National Insurance contribution as a means of meeting the cost involved in reducing the higher rate and claimed that reactions from employers to the proposal had been generally favourable.

The official view of the CBI and the British Institute of Management, as expressed to the Treasury, had been exactly the opposite.

Mr. Steel commented that employers should not blame the Chancellor but their own spokesmen for failing to accept a modest increase in the employers' National Insurance contribution to finance the cut in income tax which he sought.

While it was not a Liberal Budget, it provided a taste of what Liberal influence could achieve, an influence which they hoped would be increased at the next general election.

Mr. Steel also underlined his view that the Lib-Lab pact must be of limited duration. "The time must come when we put our different views on these deeper issues to the electorate and invite them to judge."

## Whitelaw accepts assurance on migrants

By Rupert Cornwell, Lobby Staff

MR. WILLIAM WHITELAW, the Conservative Deputy Leader, yesterday withdrew as gracefully as possible his bitterly contested allegation that the Government had deliberately rigged a drop in immigration in the run-up to a general election.

This latest statement from the Tory Home Affairs spokesman should close this particular chapter in the dispute over immigration between the two major parties.

It had led to Mr. Callaghan flatly denying that either he or the Home Office had ordered that applications for entry from the Indian sub-continent should be processed with deliberate slowness. He had demanded a retraction.

The controversy stems from reported remarks by Mr. Whitelaw at a private meeting of Tory MPs to hear details of the new Shadow Cabinet programme to curb immigration when the Conservatives regain office.

Confusion

It is clear that he did make such an accusation, but there is still some confusion over the seriousness with which it was levelled, and how explicitly the Prime Minister was named as responsible.

An embarrassed Mr. Whitelaw said yesterday: "I thought I had made it clear that I was not making any charge."

However, for the avoidance of any doubt, I naturally accept your assurance that the Government has not deliberately and artificially held down the rate at which applications are processed.

Although this climbdown should end the incident, the episode is ample proof of the explosiveness of the whole immigration issue and of how easily it could play a vital part in the jousting before the next election.

Work starts on £25m. centre

BUILDING WORK on the £25m. Queensgate Centre, the largest single project in Peterborough's expansion programme, began yesterday.

Queensgate will be a covered shopping centre providing stores for the John Lewis Partnership, British Home Stores, Littlewoods, Boots and C & A. There will be 80 other shops, offices, parking for 2,000 cars and a bus station. The centre, being built by John Laing Construction, will open in 1981.

## Shore expects mortgage rate to remain stable

BY OUR PARLIAMENTARY STAFF

THE INCREASE in Minimum Lending Rate should not lead to an increase in mortgage interest rates, Mr. Peter Shore, Environment Secretary, assured the Commons yesterday.

"I do not see any need for a change in building society lending rates as a result of the Chancellor's movement in M.L.R.," he declared.

"The M.L.R. and building society rates do bear an inextricable relationship to each other. We have had many more movements in M.L.R. than we have had in building society interest rates in recent years."

Mr. Shore vigorously defended the Government's recent decision to call for a cutback in mortgage lending.

Mr. Tony Newton (C. Braintree) said that the first casualty of the restraint was the first-time buyer.

There are now large numbers unable to get the mortgage they would like," he said.

Mr. Shore said he found Mr. Newton's statement "remark-

able." The interest of first-time buyers would be damaged more by allowing a boom in house prices similar to that of 1972-1973.

Mr. Stephen Ross (L. Isle of Wight) said there was evidence that the action on mortgage lending had had a steeplanding effect on house prices. But he urged that it should not be extended beyond July.

Mr. Shore replied: "I believe the measures we have taken will have a steady effect. It is a moderate cutback and we will review the situation again with the building societies towards the end of the second quarter."

Mr. Reginald Freeson, Minister for Housing and Construction, said that the Budget would benefit the construction industry by about £100m. of public expenditure. Investment incentives for hotels and agriculture would generate further work.

The industry would also benefit from changes in the tax arrangements for small firms.

Next year public expenditure was going to increase by 6 per cent. to £31bn.

The Budget contained massive increases in public expenditure and tax cuts administered in the wrong way. It was hostile to skill, to enterprise, to job and wealth creators and to the environment.

The total tax changes proposed in the Budget would, he said, mean that a man earning above £15 a week would find the reduction almost entirely offset by the increase in National Insurance contributions.

The person on £120 a week would in fact be considerably worse off as a result of the tax changes and the increase in National Insurance contributions.

He thought it was more like a tribute to the site of the new Liverpool Teaching Hospital, whose costs have risen from £11m. to more than £50m. and which was "tending to the category of a major scandal" in Mr. de Caux's words, yesterday.

At the Labour Party conference the Prime Minister had said that we could not spend our way out of a recession. But in Sir Geoffrey's view this was now

ing to the gallery, and if we felt this was happening, I think we would rescind the decision to go public."

The committee's desire to make its proceedings public apart from its determination not to be upstaged by its rival, the Expenditure Committee, which took the same step some while ago—reflects its aim of improving awareness of its watchdog role.

One of its biggest problems is the delay between the mis-spending "offence" by a department and the appearance of a critical BAC report. Even when the report contains strong enough language to gain wide Press attention, the subsequent debate in the Commons never attracts more than a handful of MPs.

In his evidence, Sir Anthony dismissed his fear. Whatever impact, or lack of it, in the House itself, a gutsy Whitehall department would, he claimed, be galvanised long before the report's publication by what he termed "a sort of bow wave in advance."

He insisted that public interest might only be won at the price of destroying the valuable bipartisan and almost apolitical approach of the committee to its task. This risk would be all the greater if—as was highly probable—civil servants consulted closely with their Minister before appearing to answer for their department's handling of some items of expenditure.

## Higher pensions will keep pace with earnings increase—Ennals

BY IVOR OWEN

WHILE THE uprating of social security benefits was given a general welcome in the Commons yesterday, a Government forecast that earnings will only rise by 11½ per cent. during the 12 months ending in November was strongly challenged by Mr. John Pardoos, Liberal spokesman on economic affairs.

The estimate, given by Mr. David Ennals, Social Services Secretary, when he stressed that the higher benefits—effective from the week beginning November 13—will not only improve the real value of pensions by over 4 per cent. but greatly increase the help provided for families with children.

He was satisfied that the increases, involving expenditure of upwards of £175m. next year, fulfilled the statutory requirement imposed in 1975 that pensions and other long-term benefits must rise in line with earnings or prices, whichever was the greater, and that short-term benefits must rise in line with prices.

Mr. Ennals stated that the increases were of the order of about 11½ per cent. over a period when the Government expected prices to rise by only 7 per cent.

The earnings estimate of 11½ per cent. in the 12 months to November was described by Mr. Pardoos as "frankly astonishing."

It seemed to conflict with an August-October estimate of 14 per cent. and, therefore, implied that the Government's incomes policy would lead to "a very tough phase four indeed."

Mr. Ennals recalled that when he announced the last general uprating of benefits a year ago the estimate he then gave for the increase in earnings for the period in question was challenged from both sides of the House.

In the event that estimate had turned out to be almost exactly correct and he expected that the forecast which he had now made would be no less correct.

Mr. Ennals pointed out that the current pay round 96 per cent. of the employees who had reached settlements had settled within 10 per cent., and the average increase was expected to be something about 10 per cent.

He was confident that the pension increase of 11½ per cent. would cover the rise in earnings from November, 1977 to November, 1978.

Mr. Ennals pointed out that changes in national insurance contributions for 1978-80 resulting from the improvements he had announced would be determined in a review to be conducted in the autumn.

Certain changes would have to be made then to take account of the differential between those who were participating in the new pension scheme and those who had contracted out, but he did not foresee increases in contributions which would be either "significant or disturbing."

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## COMMONS COMMITTEE REPORTS PROGRESS TO OPEN SITTINGS

## Whitehall's losing fight revealed

BY RUPERT CORNWELL, LOBBY STAFF

WHITEHALL'S SECRETIVE reticence have been graphically illustrated by a report published yesterday which chronicles the yielding opposition of leading civil servants to the Public Accounts Committee's demands for access to the Treasury's accounts.

The PAC, Parliament's top-ranking select committee, decided last month to allow Press public to attend its regular sessions at which officials of various departments are cross-examined over the way in which taxpayers' money is spent. An account of the meeting, on March 8, reveals how Whitehall fought the move right to the very end.

The formal case for keeping the hearings secret, to be followed several months later by a considered report setting out the PAC's views on particular projects, was put by Sir Douglas Lennox, Comptroller and Auditor-General.

Sir Douglas, whose office carries out detailed monitoring of Government departments and provides the bulk of the raw material on which the committee's members work, argued that "public sessions" and immediate Press coverage might actually weaken the financial control that Parliament can exert over the executive.

One risk was that instant publicity might reduce the impact of the final report. More serious, he said, was the danger that the

committee's standing might be diminished by selective and possibly unbalanced and unfair reporting by newspapers, eager for quick sensation.

"Complications would also arise when sensitive military or commercial matters inevitably came before the committee," he said. "The PAC would have abruptly to go back off the record. Even where confidentiality was less of a concern, witnesses might be less forthcoming for fear that what they said would be distorted by Press reporters."

Sir Douglas, like Sir Anthony Rawlinson, Second Permanent Secretary to the Treasury, who was also questioned on March 8, mixed the warnings with lavish praise for the committee's effectiveness under the previous arrangements.

Sir Anthony, however, implied that individual PAC members might be tempted to use open sessions as a publicity machine.

"I am not sure that the standing of MPs depends on having a headline in the morning. I believe that this committee is concerned... not with the status of Members of Parliament but with good administration."

Sir Anthony added: "That is what the committee is about. If it were a choice between action which maintained its effectiveness in the task of striving for improved administration and greater efficiency, and helping in the prestige of individual mem-

bers or even of Parliament, as a whole, I hope that members would choose the former."

The resistance was to no avail. By six votes to two, the only dissenters being Conservative MPs Mr. Albert Costa and Mr. Robert Taylor, the PAC

THE Public Accounts Committee decided to plan a new blitz on one of its most familiar targets, the Department of Health and Social Security, which almost every year is criticised for sloppy financial control and for poor reporting.

The MPs are planning an early visit to the site of the new Liverpool Teaching Hospital, whose costs have risen from £11m. to more than £50m. and which was "tending to the category of a major scandal" in Mr. de Caux's words, yesterday.

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## Insulation grant 'is piffling'

NEW AID planned for owner-occupier to help them insulate their homes was criticised as inadequate by Tory MPs in the Commons yesterday.

Mr. Michael Latham (C. Melton) said that a grant of up to £50 announced in the Budget would not insulate "even a quarter of a loft." It was a "piffling sum."

Mr. Peter Shore, Environment Secretary, said that the aid—66 per cent. of refurbed expenditure up to a maximum of £50—would be administered by local authorities and kept as simple as possible.

The grant would cover insulation of roof spaces and lagging tanks and pipes. It was "basic insulation of the kind most people think is well worth doing," he added.

## Fund allocates £85m. to U.K.

THE European Social Fund made allocations totalling £85.1m. to the U.K. last year, Mr. John Garmichael, Employment Under Secretary, said in a Commons written reply.

He said that £76.3m. had been allocated to Government training schemes. Of this, the training opportunities scheme in assisted areas received £25m. and the Government's special measures to alleviate unemployment about £12.5m.

Britain's allocation from the social fund in 1976 was £44.1m.

## Working party on town halls pay award

By Our Labour Staff

A JOINT working party of employer and union representatives is being set up to try to formulate a pay award for more than 40,000 local government administrative, technical and supervisory staff.

The employers were presented yesterday with a claim from all the unions involved for substantial rises, a shorter working week and improvements in holidays and fringe benefits.

The National and Local Government Officers' Association, biggest among staff unions, is holding a special pay conference on June 2. The settlement is due from July 1.

CIRCULATE		
POSITION	INITIAL	DATE
MANAGING DIRECTOR	BER	MON. 5th.
FINANCE DIRECTOR	JEF	MON. 5th.
SALES DIRECTOR	J.C.	TUE. 6th.
COMPANY SECRETARY	J.W.	TUE. 6th.
MARKETING MANAGER	P.B.	WED. 7th.
CHIEF BUYER	B.R.D.	THURS. 8th.
PERSONNEL OFFICER		FRI. 9th.

## How to miss opportunities

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FINANCIAL TIMES  
EUROPE'S BUSINESS NEWSPAPER

## £145m. spent on scrapped reactor project

BY DAVID FISLOCK, SCIENCE EDITOR

THE FINAL cost of developing the steam-generating heavy-water reactor—the nuclear system abandoned earlier this year—was £145m., of which £50m. had been spent since the Government's reactor decision in 1974.

These figures were given by Sir Jack Rampton, Permanent Secretary at the Department of Energy, in reply to questions from the Public Accounts Committee yesterday.

He said that the total figure as about as small as anyone could have expected for developing a reactor system at a time when there was considerable uncertainty about the way technology would develop.

It was an insurance premium and it was "difficult to see how expenditure could have been

significantly less in light of the policy decisions taken."

Since the 1974 decision, a further £35m. had been spent on generic research and development on the system, and £15m. specifically on its industrial development.

At the time when the Government abandoned the reactor, no decision had been reached on apportioning "launching costs" for the system, between the Government and the generating Boards.

But Sir John Hill, chairman of the U.K. Atomic Energy Authority, stressed to the committee that the £145m. spent should not be seen as wasted. The 100 MW prototype at Winfrith earned "most of its costs" as an electricity producer supplying the national grid.

The Atomic Energy Authority had been diverting staff from the project since 1976, he said, and the decision to abandon the reactor would cause no major standstill problem.

Work had been re-directed to the pressurised water reactor (PWR)—a very similar system, he said. Developing the heavy water reactor had resulted in the Authority learning a lot about water reactors. "So all is not lost."

Asked if he were confident that the Central Electricity Generating Board would support the nuclear decision announced by the Government in January, Sir Jack said the decision was "broadly speaking what the consumer has asked for."

On the decision to order more

advanced gas-cooled reactors (AGR), the Government had agreed with the generating Boards to accept all development costs up to April 28. Thereafter the Boards would accept full responsibility for further development costs.

These included the cost



Notice of Redemption

Monsanto International N.V.

8 3/4% Guaranteed Sinking Fund Debentures Due May 15, 1985

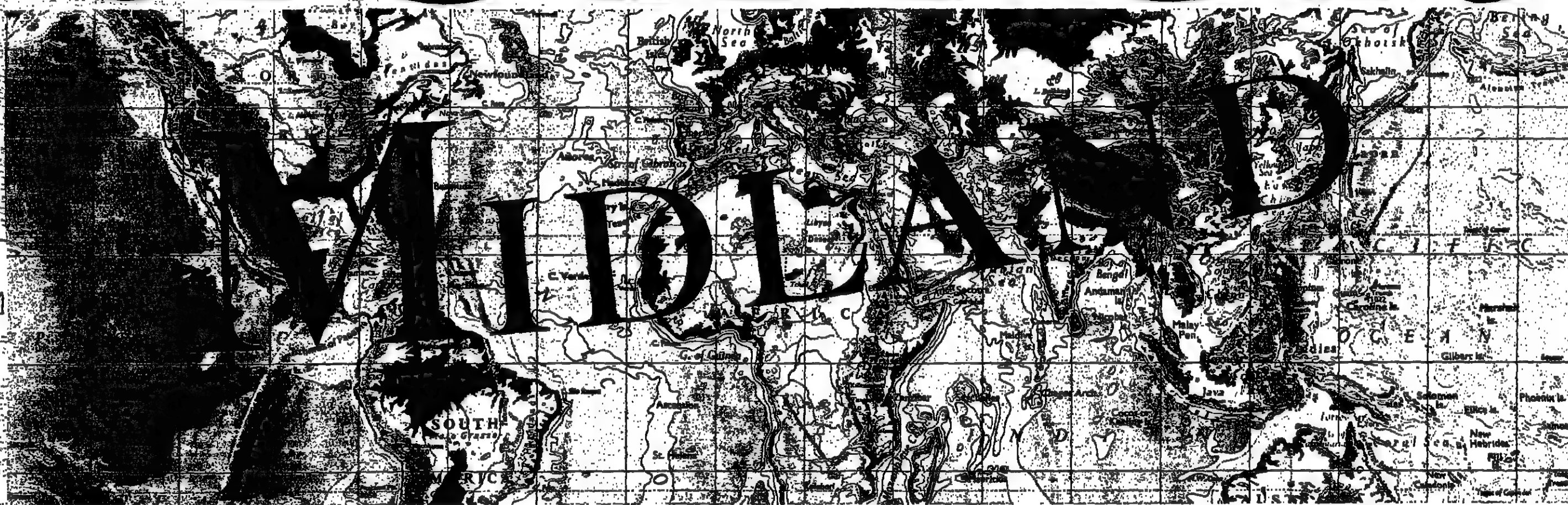
NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of May 1, 1970 under which the above described Debentures were issued, Citibank, N.A. (formerly First National City Bank), as Trustee, has drawn for redemption on May 15, 1978, through the operation of the Sinking Fund, provided for in said Indenture, \$2,800,000 principal amount of Debentures of the said issue (\$1,400,000 principal amount of the Debentures representing the mandatory Sinking Fund Payment, the remaining \$1,400,000 principal amount representing the Optional Sinking Fund Payment), bearing the following distinctive numbers:

COUPON DEBENTURES OF \$1,000 PRINCIPAL AMOUNT OUTSTANDING									
13	1293	2332	3611	4887	6036	7197	8274	9282	10308
14	1294	2333	3612	4888	6037	7198	8275	9283	10309
15	1295	2334	3613	4889	6038	7199	8276	9284	10310
16	1296	2335	3614	4890	6039	7200	8277	9285	10311
17	1297	2336	3615	4891	6040	7201	8278	9286	10312
18	1298	2337	3616	4892	6041	7202	8279	9287	10313
19	1299	2338	3617	4893	6042	7203	8280	9288	10314
20	1300	2339	3618	4894	6043	7204	8281	9289	10315
21	1301	2340	3619	4895	6044	7205	8282	9290	10316
22	1302	2341	3620	4896	6045	7206	8283	9291	10317
23	1303	2342	3621	4897	6046	7207	8284	9292	10318
24	1304	2343	3622	4898	6047	7208	8285	9293	10319
25	1305	2344	3623	4899	6048	7209	8286	9294	10320
26	1306	2345	3624	4900	6049	7210	8287	9295	10321
27	1307	2346	3625	4901	6050	7211	8288	9296	10322
28	1308	2347	3626	4902	6051	7212	8289	9297	10323
29	1309	2348	3627	4903	6052	7213	8290	9298	10324
30	1310	2349	3628	4904	6053	7214	8291	9299	10325
31	1311	2350	3629	4905	6054	7215	8292	9300	10326
32	1312	2351	3630	4906	6055	7216	8293	9301	10327
33	1313	2352	3631	4907	6056	7217	8294	9302	10328
34	1314	2353	3632	4908	6057	7218	8295	9303	10329
35	1315	2354	3633	4909	6058	7219	8296	9304	10330
36	1316	2355	3634	4910	6059	7220	8297	9305	10331
37	1317	2356	3635	4911	6060	7221	8298	9306	10332
38	1318	2357	3636	4912	6061	7222	8299	9307	10333
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43	1323	2362	3641	4917	6066	7227	8304	9312	10338
44	1324	2363	3642	4918	6067	7228	8305	9313	10339
45	1325	2364	3643	4919	6068	7229	8306	9314	10340
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47	1327	2366	3645	4921	6070	7231	8308	9316	10342
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50	1330	2369	3648	4924	6073	7234	8311	9319	10345
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52	1332	2371	3650	4926	6075	7236	8313	9321	10347
53	1333	2372	3651	4927	6076	7237	8314	9322	10348
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56	1336	2375	3654	4930	6079	7240	8317	9325	10351
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58	1338	2377	3656	4932	6081	7242	8319	9327	10353
59	1339	2378	3657	4933	6082	7243	8320	9328	10354
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62	1342	2381	3660	4936	6085	7246	8323	9331	10357
63	1343	2382	3661	4937	6086	7247	8324	9332	10358
64	1344	2383	3662	4938	6087	7248	8325	9333	10359
65	1345	2384	3663	4939	6088	7249	8326	9334	10360
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67	1347	2386	3665	4941	6090	7251	8328	9336	10362
68	1348	2387	3666	4942	6091	7252	8329	9337	10363
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78	1358	2397	3676	4952	6101	7262	8339	9347	10373
79	1359	2398	3677	4953	6102	7263	8340	9348	10374
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94	1374	2413	3692	4968	6117	7278	8355	9363	10389
95	1375	2414	3693	4969	6118	7279	8356	9364	10390
96	1376	2415	3694	4970	6119	7280	8357	9365	10391
97	1377	2416	3695	4971	6120	7281	8358	9366	10392
98	1378	2417	3696	4972	6121	7282	8359	9367	10393
99	1379	2418	3697	4973	6122	7283	8360	9368	10394
100	1380	2419	3698	4974	6123	7284	8361	9369	10395
101	1381	2420	3699	4975	6124	7285	8362	9370	10396
102	1382	2421	3700	4976	6125	7286	8363	9371	10397
103	1383	2422	3701	4977	6126	7287	8364	9372	10398
104	1384	2423	3702	4978	6127	7288	8365	9373	10399
105	1385	2424	3703	4979	6128	7289	8366	9374	10400
106	1386	2425	3704	4980	6129	7290	8367	9375	10401
107	1387	2426	3705	4981	6130	7291	8368	9376	10402
108	1388	2427	3706	4982	6131	7292	8369	9377	10403
109	1389	2428	3707	4983	6132	7293	8370	9378	10404
110	1390	2429	3708	4984	6133	7294	8371	9379	10405
111	1391	2430	3709	4985	6134	7295	8372	9380	10406
112	1392	2431	3710	4986	6135	7296	8373	9381	10407
113	1393	2432	3711	4987	6136	7297	8374	9382	10408
114	1394	2433	3712	4988	6137	7298	8375	9383	10409
115	1395	2434	3713	4989	6138	7299	8376	9384	10410
116	1396	2435	3714	4990	6139	7300	8377	9385	10411
117	1397	2436	3715	4991	6140	7301	8378	9386	10412
118	1398	2437	3716	4992	6141	7302	8379	9387	10413
119	1399	2438	3717	4993	6142	7303	8380	9388	10414
120	1400	2439	3718	4994	6143	7304	8381	9389	10415
121	1401	2440	3719	4995	6144	7305	8382	9390	10416
122	1402	2441	3720	4996	6145	7306	8383	9391	10417
123	1403	2442	3721	4997	6146	7307	8384	9392	10418
124	1404	2443	3722	4998	6147	7308	8385	9393	10419
125	1405	2444	3723	4999	6148	7309	8386	9394	10420
126	1406	2445	3724	5000	6149	7310	8387	9395	10421
127	1407	2446	3725	5001	6150	7311	8388	9396	10422
128	1408	2447	3726	5002	6151	7312	8389	9397	10423
129	1409	2448	3727	5003	6152	7313	8390	9398	10424
130	1410	2449	3728	5004	6153	7314	8391	9399	10425
131	1411	2450	3729	5005	6154	7315	8392	9400	10426
132	1412	2451	3730	5006	6155	7316	8393	9401	10427
133	1413	2452	3731	5007	6156	7317	8394	9402	10428
134	1414	2453	3732	5008	6157	7318	8395	9403	10429
135	1415	2454	3733	5009	6158	7319	8396	9404	10430
136	1416	2455	3734	5010	6159	7320	8397	9405	10431
137									



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# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOFERS

## ELECTRONICS

### Circuits by the million

U.S. ELECTRONIC circuit giant National Semiconductor has formally re-opened its silicon wafer fabrication plant at Greenock, Scotland, having re-milled it in an astonishing eight months after a fire last year.

Costing £31m, it has been built exclusively to make four-inch diameter wafers which are processed to the point where they are ready for scribbling, lithing, assembly and encapsulation in Singapore. The finished product returns to Scotland for testing. In all, Greenock contributes about 80 per cent. of the device value.

Since the early 1960s the progression from one-inch, to two- and three-inch, and now four-inch wafers, brought about by the ability to grow larger and larger single crystal silicon, has meant increasing efficiency of production. For example, the move from three to four inches means 1,780 circuits per wafer instead of 1,000. The improved wafer size also increases the yield of good circuits from a wafer because most of the defective circuits are nearer to the edge.

National is producing circuits

in bipolar technology from four inch wafers—it claims to be the first to do so—and has successfully overcome waferage problems at the higher processing temperature involved.

Much of the Greenock production, of which 75 per cent. is exported to the European television set makers, is currently struggling with new innovations to keep sales buoyant. Significantly, they are using up to five times more wafers in integrated circuits than their U.S. counterparts, mainly attributable to innovations such as on screen channel number indication and time display.

At Greenock, design work has started on a number of circuits for the interface of digital systems with TV receivers, stimulated by the development of Teletext, data, electronic games, and the prospect of using the domestic receiver as a VDU in a home computer. Many of these will be coming into production for general consumer use around 1980—they will be low cost standard products for a high volume market.

German set makers are said to be interested in the microprocessor control of TV sets. One, it is rumoured, will involve a diary device that will program viewing for a fortnight in advance.

## EXHIBITIONS

### Handling in London

THE AIM of the 2nd Storage Handling and Distribution Exhibition at Olympia (April 18-21) is to show how to get maximum efficiency and cost effectiveness out of storage, internal materials handling, loading areas and distribution services.

One of the highlights of SHD 78—the only major storage and handling equipment show to take place this year in the U.K.—will be the U.K. launching of a new range of fork-lift trucks and the introduction of a fork truck for attaching to lorry tailboards so that they can unload themselves at destination.

The French will show a range of stacker cranes, a Swedish pedestrian truck made specially for use in supermarkets will be featured and the Canadians will exhibit scissor lifts and dock levelers.

## INSTRUMENTS

### Keeps data lines clean

A DATA LINE analyser of a new design from Hewlett-Packard measures both steady-state parameters and transients, simultaneously.

Model 3771A data line analyser, is compatible with CCITT standards and is for "troubleshooting" measurements on high-speed data lines.

It can be used either as a stand-alone test instrument or as part of an automatic test system. An option, to be available in August, will allow the 3771A to be controlled via the Hewlett-Packard interface box.

H-P, King Street Lane, Wincoburn, Wokingham, Berks. RG11 5AR. Wokingham 784778.

## PRINTING

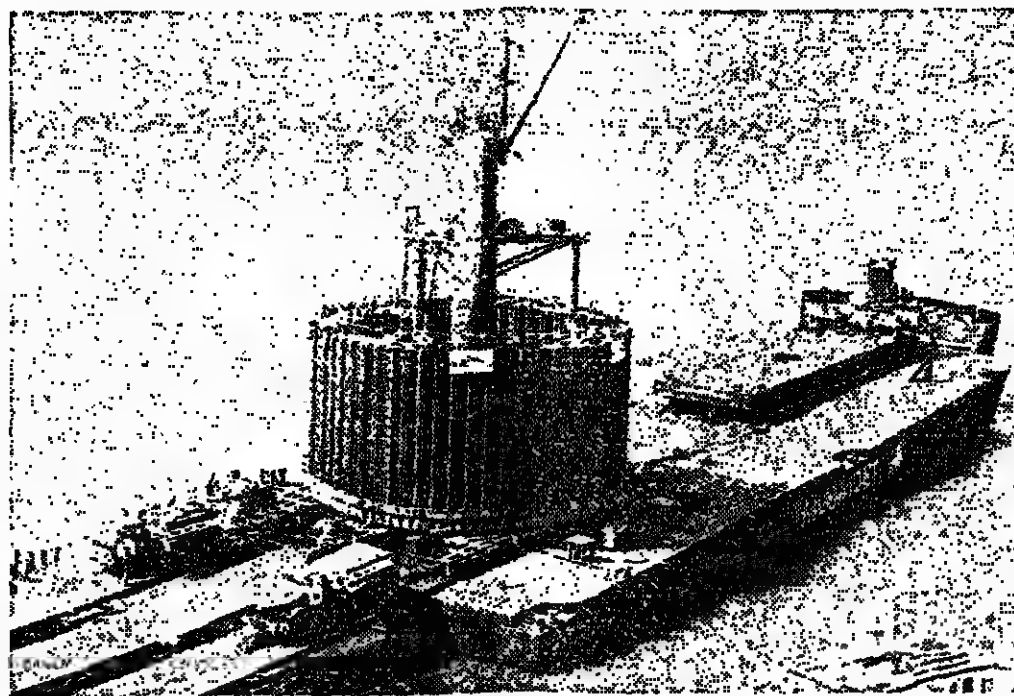
### Makes holes in paper

AMONG THE latest additions to the range of print finishing equipment, manufactured by Worsley-Brahmer is a multiple punching machine for producing various sizes of round or irregularly shaped holes in sheets of paper.

The machine is controlled by a pedal and any number of holes can be produced simultaneously up to the full 33-inch width of the sheet. Maximum thickness of sheet stock for punching in one operation is 1 inch.

Details of this machine can be obtained direct from the company at Charnock Road, Liverpool L9 7EO.

By agreement between the Financial Times and the BPC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.



This 1,150-tonne structure, seen here being loaded on to a pontoon near Southampton, is now resting on the seabed in Christchurch Bay in the English Channel. It has been devised to provide wave measurement data to the National Maritime Institute at Calshot. Launching was carried out by Mears Construction using a Dutch submersible pontoon system in conjunction with multi-wheeled bogies, both of which were supplied by Mammoet Goedkoop.

Once aboard the pontoon, the 20 metres high steel tower was towed into Southampton Water, where it was floated off. To provide buoyancy, four steel caissons were bolted on to fixing plates cast into the concrete base of the tower,

which was then towed out to its permanent location and sunk in 7 metres of water. The tower, which will contain computing equipment and instruments, will be used initially for securing and recording data relating to forces and pressures acting on vertical cylinders and thus provide useful information for the designers and builders of offshore structures such as oil platforms. The tower is unmanned and data will reach the shore via cables. It is understood that as soon as the initial Department of Energy funded programme is completed the tower will be available to industry for other research projects. Consulting engineers for this project are Sir William Halcrow and Partners.

## SAFETY

### Controlled filling of tankers

AN AUTOMATIC shut off device is the essential component of an overspill prevention unit for road tankers, developed in concert by Total Oil and John Davis (Derby).

With the majority of today's product tankers comprising a number of compartments with top filler openings, there is a constant risk in filling. Petrol and other chemical products are now pumped into the tankers in huge quantities and accidental spillage can create fire hazards arising from build-up of static charges.

The Davis Fill-Safe unit, which is installed on the terminal entry and mounted on the loading arm it controls, consists of a body designed to fit over the rim of the tank hatch, with a micro switch only activated when the body of the unit is correctly positioned on the rim and securely held there by spring operated holding clamps.

From the main body of the unit, protruding into the tanker compartment, is a short tube containing a float switch which activates only when the product within the tank exceeds the allowed level.

More from Davis at 20 Alfreton Road, Derby DE2 4AB. 0332 41871.

## RESEARCH

### Contactless follower

A PRECISE and responsive device has been produced by Dr. John Flower and Dr. Graham Knott of the University of Sussex for following or measuring a movement without touching the moving object.

Logic embodied in the device starts off a "seeking routine". The surface is then automatically "captured" while it is in motion. "Protection" logic limits the travel and prevents contact.

An example of the device is at present in use on a hydraulic test tank in the School of Engineering and Applied Sciences at the university. In this application, the device serves as an instrument for measuring the surface waves passed along the tank.

The device has proved capable of following, at a nominal distance of 0.5 mm, the periphery of a 5 cm diameter disc that is rotating at 2,000 revolutions a minute with an eccentricity of 0.5 mm. The measurement range is plus or minus 1.5 cm. When further developed, the system is expected to reach an accuracy of 3 microns over the 3 cm range of measurement, with a resolution of 0.03 microns.

The probe keeps its tip at a virtually a constant distance from the surface being followed, so other devices (for example for inspection or monitoring) may be mounted on the probe carrier to follow the same surface. Uses foreseen by the extension 90.

inventors include gauging of products during or after manufacture, following cams or patterns, measuring the level of liquids or the vibration of structures, and aligning or positioning objects—all of course without touching.

The active parts of the contactless follower are a linear displacement transducer, a proximity transducer, and a servomotor for positioning the mechanical linkage between the two transducers.

The principal measuring element is the displacement transducer. This is kept at the set (constant) distance from the "followed" surface by the servomotor, which is actuated by the proximity transducer. The latter is a capacitive device in the instrument now in use at the university, but acoustic, pneumatic or photo-electric devices could be employed on surfaces not responsive to capacitive transducers.

Other features of the present model are linear rack and pinion drive with maximum velocity 12 metres a second and maximum acceleration 80 metres per second per second and a printed-circuit dc motor with an 11-millisecond time constant. The displacement transducer is inductive. Dr. John Flower, School of Engineering and Applied Sciences, University of Sussex, Falmer, Brighton, Sussex BN1 9QJ. Brighton (0273) 66785.

## PHOTOGRAPHY

### Expansion at Bell and Howell

ALTHOUGH the company already has limited manufacturing facilities in the U.K. and Germany, Bell and Howell has recently taken the decision to set up a major plant for its Business Equipment Division in Dublin.

The plant, occupying 35,000 square feet of floor space and capable of extension to 90,000 square feet, will come on stream in July and will be making microfilm equipment for the European market. The company's decision to set it up springs largely from the mounting costs of bringing the U.S.-made products into Europe. Items such as microfilm readers for example, selling for perhaps \$200, have cost \$40 to bring in. There have apparently also been some problems in manufacturing to European standards in the U.S.

To date about \$1m. have been invested in the Dublin operation, a figure expected to rise to \$4m. by 1983.

The company has also announced a pair of new products in the microfilm area, a camera and a reader.

The camera takes a new approach to the filming of documents by combining flat bed and rotary techniques. It is essentially a flat bed unit with position of camera and bed reversed, coupled with paper feed arrangements normally associated with copying machines.

Documents are fed through at up to 2700/hr, face down on the glass bed and are held stationary while the exposure (which is automatically controlled) takes place. There are arrangements to stop the unit automatically to deal with double-sided documents, and the machine is controlled by a microprocessor.

Film gauge is 16mm, and a cassette peculiar to the machine is employed. Main appeal of the camera is that it offers the recording quality of the flat bed or planetary machine, at about three times the speed.

The company has also put a new reader-printer on the market that will accept roll film and standard cartridges. It has a DC motor that provides very low bi-directional "inching" drive and also speeds up to about 77/sec.

More from the company at 35 Wondthorpe Road, Ashford, Middlesex TW15 2RJ (Ashford 51234).

## COLOUR MATCHING

### Fiche gets right tint

IN THE ICI weight mixing system used by many vehicle refinishers in the U.K. the mixing formulae of 8,500 paint colours are now being held on micro-fiche instead of cards.

The original system had involved the re-issue of up to 200 cards each month to each ICI user. Now six fiche—postcard-sized pieces of film each holding 1,500 formulae—are posted instead.

Fiche are automatically produced direct from computer tapes using computer output microfilm techniques provided by Microgen on a bureau basis.

The speed, ease of distribution and simplicity of up-dating via the computer means that the ICI paints division are able to issue completely new sets of records every month, on six fiche.

Users simply select the appropriate fiche (there is an eye-legible index along its top edge) and put it into the reader to obtain an enlarged illuminated image; the fiche carrier is then moved to show the wanted formulae. Flame-proofed readers are used and a typical machine, from Bell and Howell for example, costs £180. More on Slough 31151.

## BANKING

### Carries out a variety of transactions

FOLLOWING four years of experience with self-service financial terminals for public use during which some 240 of the model 770 were sold to Barclays and National Westminster, NCR has announced the second generation machine, the 1780.

Developed and manufactured in England, the 1780 is compatible with the older machine and will carry out the same transactions—but it is smaller, lighter and easier to install.

Barclays has ordered 100. The terminal now has a micro-computer with up to 128k of memory enabling it to be tailored to the needs of each bank or branch; it can be programmed to carry out a wide variety of transactions, and will also operate on or off line to a central computer. Standing alone the terminal captures data on a cassette of tape for later processing.

Mounted through the wall of a bank, for example, the 1780 will allow customers with appropriate magnetic striped card to withdraw cash and also carry out a number of banking routines such as account inquiry, cheque book request, bill payment by account transfer, or cash deposit. Security features include an in-terminal file of lost or stolen cards. More on 01-723 7070.

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Full details from James Gorie, Head of Information, on extension 267 at the number below.

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THE FIRST commercial installation of Star Subsea Maintenance's method of underwater pipeline coupling known as the Starcouple System, has been completed.

Installation was carried out on a fractured 24-inch diameter methanol line in Conoco's Viking field. The couplings have no mechanical systems and no rubber seals. Instead, the temperature-sensitive properties of a nickel-titanium alloy are exploited to shrink a metal sleeve on to the pipe ends.

Teeth, machined into the sleeve, bite into the pipe to form a permanent metal-to-metal seal which will remain effective up to pressures that would burst the pipe.

Couplings for pipes up to 8 inches in diameter are soon to become available and the company says that over the next 12 months it is intended to develop the coupling for pipes of 15 inches diameter, or even larger.

## SECURITY

### Thief-proof storage unit

OF PARTICULAR interest to the security-conscious in industry is the Transguard steel security unit from Transline Engineering.

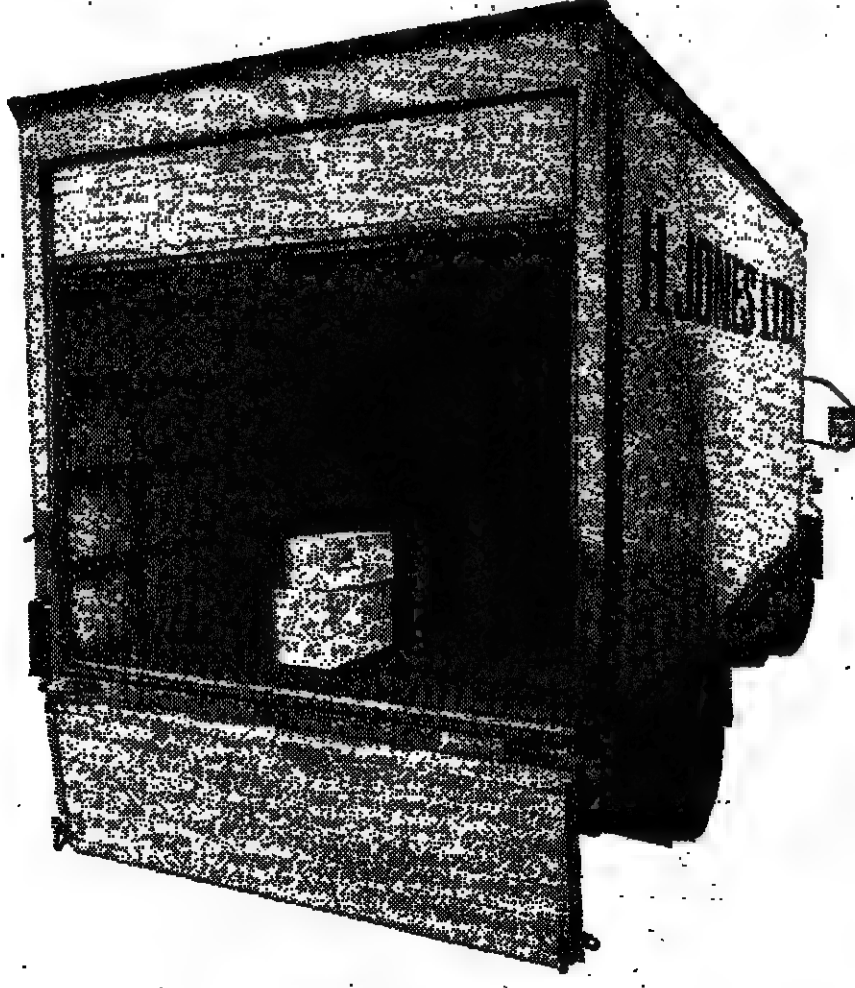
Based on a modular construction the units come in a range from 8ft. to 32ft. in length with a standard internal width just over 8ft.

Valuable tools and spares, chemicals or documents, are shielded by double doors at the front of the unit, each fitted with an Ingersoll lock, approved to BS3621.

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## FINANCIAL TIMES REPORT

Thursday April 13 1978

## The Borders Region

Dependence on farming, fishing and textiles has limited the potential for growth in the Borders Region. But a declining population has meant that unemployment has remained low and now efforts to attract new industry are having some success.

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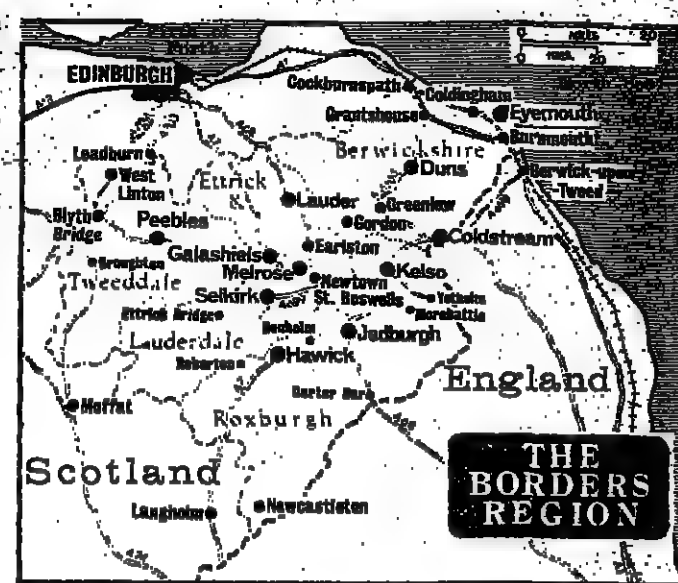
This Report was written  
by Ray Perman,  
Scottish Correspondent

Increasing number of people choosing the area for holidays, the scale of economic development has been maintained. If anything, the Borders is now a more tranquil place than it was a century ago. The average factory size is small and new manufacturing processes brought in from outside have been from among the cleaner and less obtrusive industrial activities. Even the clutter of looms—hardly to be ranked among the most irritating of modern noise pollutants—is not what it once was.

The economic prosperity of the area was founded on the twin pillars of primary food production (fishing and farming) and textiles (tweed and knitwear). Since the height of the industrial revolution both have continued to play a large part in Borders life, but as employment in both has steadily and inexorably declined, so population has also fallen.

The primacy of these two sectors is particularly marked in the centres of population. Woolen textiles are concentrated in the towns of Hawick, Galashiels and Peebles and they account for 74, 45 and 70 per cent. respectively of the manufacturing jobs. In Kelso a quarter of all employment is in farming, while in Eyemouth the slightly larger proportion of the working population works either in farming or fishing.

Reliance on a single industry to this extent has made Borders communities particularly vulnerable to economic trends. The recent recession in the woollen industry leading to closures of many mills and labour shedding



In others, hit the small towns hard.

Yet unemployment levels have remained low. As the regional council's action plan for development comments: "It is important to recognise, however, that in contrast to a city situation those threatened by unemployment resort by emigrating from the Borders."

## Insufficient

This has been the crux of the region's problems. The lack of alternative sources of employment forced a substantial proportion of each generation of young people to leave. In 1880, for example, the population was around 125,000, but by 1972 it had fallen to 97,000.

The result has been to make the Borders one of the smallest and narrowest local economies in Britain. Insufficient numbers of working men and women have to support a higher proportion of retired people than any other region in Scotland and incomes are low. Weekly earnings at £38.40 in 1974 were some 55 less than the U.K. average.

The region is a big (1,800 square miles), largely empty area. Although there has been an internal migration from the rural areas to the towns, only two of them, Hawick and Galashiels—respectively centres of the knitwear and tweed industries—have over 10,000 inhabitants, while 40 per cent. of the population lives in communities

of less than 1,500 people.

The cost of providing basic services for this dwindling, but themselves in the Borders, many dispersed population is high in factories provided by the domestic ratepayers.

Before this year's rating revaluation in Scotland, little more than 30 per cent. of the total rateable value of the area was represented by commercial or industrial premises, compared to a figure of more than 33 per cent. for Scotland as a whole. Domestic ratepayers made up 38 per cent. compared to 49 per cent. for Scotland.

There was only one way out of this cycle of decline. New industry had to be attracted into the region to provide alternative employment to the still dominant textile and farming industries and bring people back.

In this objective the Borders was competing with every other depressed area of Britain, with considerably fewer resources at its command than most of its rivals.

With the rest of Scotland, the region was made a development area in 1968, making available a wide range of Government grants and other incentives to incoming firms. A little later Harold Wilson's Labour Administration set up the Highlands and Islands Development Board to take a positive role in promoting another area of Scotland with very similar problems.

Without outside help on such a scale, the old local authorities (now reorganised into the region and districts) formed themselves into two development associations and began the task.

Success has been slow but steady. Since 1968, 88 new

companies or new branches of existing firms have established themselves in the Borders, many in factories provided by the development associations. Together they have brought 4,400 new jobs.

Many of these new places have been filled by workers made redundant by the textile and agricultural industries, but there is firm evidence that fresh blood has moved in. For the first time in more than 100 years there has been an increase in population sustained over several consecutive years. The latest census figures, released last year, showed that the total number of people living in the Borders is now above 100,000.

## Pressure

However, the imperative to keep up the pressure remains. Although the population is again growing, the imbalance in age remains and any halt in immigration now would lead to a natural decline since deaths still outnumber births.

The regional council's planners have calculated that a figure of 125,000 will have to be reached before any stability in the population can be achieved. Population projections show how far off that target is away. Assuming continued inflow of young people to come into the region, 109,500 will be reached only in 1981 and 106,900 in 1986.

Over the five years to 1981 the council's Regional Report submitted to the Secretary of State for Scotland in 1976, envisaged a natural loss in population of 1,500, meaning that nearly 5,000 new people will have to be attracted into the Borders. This in turn means that the rate of job creation will have to be stepped up.

The report estimated that somewhere between 300 and 500 jobs a year would have to be added to the region's employment total. As the development plan makes clear, most of these would come from bringing new industries into the Borders, but some would also be created by exploiting the natural resources of the area.

It is believed that the level of agricultural employment has sunk to its lowest practical level and is unlikely to rise substantially. But the development of forestry has already provided some new opportunities and there will be more in the future. More than 200 jobs have also been created in processing food produced in the area. This has started modestly with fruit and vegetables, but could be extended to include meat processing. Fish and other seafood caught at Eyemouth on the Berwickshire coast is also being frozen and processed, so adding to the economic benefit accruing to the region.

Differing priorities  
in the districts

ALTHOUGH THEY share a common concern with the Regional Council to attract new workers back into the borders, the four districts which comprise the area have different problems and have drawn up different priorities in their approach.

Berwickshire, an area of 338 square miles on the east coast of the region, is largely agricultural, with some fishing from its largest town, Eyemouth (population 2,800). The local economy is therefore based on food production and more recently on food processing, with the growth of new companies specialising in freezing and packing.

The district differs from the rest of the region in that only a third of its population of 17,000 lives in the four towns of more than 1,000 inhabitants—Eyemouth, Coldstream, Duns and Chirnside. The remainder is spread widely in small villages and farms and there is a high proportion (22 per cent.) of retired people, many of them living along the coastal strip.

Not surprisingly transport and the movement of traffic between settlements is a major concern in the county. Recent squeezes on public spending have hit bus services to rural areas. Many have had to be cut or withdrawn and those that remain depend on subsidies from the Regional Council.

## Transport

Maintaining the services that are left is obviously a local priority, but the rundown of public transport has also meant an additional volume of private traffic on Berwickshire roads. The high ratio of miles of road to population makes the upkeep of these highways a heavy financial burden. The District Council is urging the Scottish Development Department to improve the A1 trunk route, which runs through the county, and with the Regional Council is planning traffic schemes to ease congestion in the principal towns.

The small and scattered population also places strains on

social work departments and services caring for the elderly. In order to improve the local economy, the District Council wants to see more advance factories built in the main towns to encourage the diversification of industry and the upgrading of Eyemouth to an all-weather harbour, to boost the fishing industry. Tourism, it believes, could also be developed as a money-earner, but in this district will have to rely heavily on help from national agencies.

Etrick and Lauderdale District, which at 524 square miles is the second largest in the region, has a much larger population at 33,000. Although it too has sparsely populated areas, nearly two-thirds of its inhabitants live in the large main towns, Galashiels (12,800), Selkirk (5,600) and Melrose (2,200).

Transport and industrial diversification are again big local concerns, but so also is housing. Galashiels, a centre for the tweed industry, still has many old buildings dating from its industrial past and it was estimated that in 1978 there were 700 houses below a tolerable standard.

The provision of new housing is one of the major parts of the region's package to attract new workers, but recent cuts in public spending have hindered development.

In 1974-77 the four district councils, which are the housing authorities for the region, all completed more than sufficient houses to meet the growth in population, but there was a reduction in housing programmes for 1977-78 by a total of 800 homes as a result of spending restrictions. Even so, the Regional Council estimates that there is still a sufficient stock of new accommodation to meet the needs of incoming industry.

But the Scottish Special Housing Association, which also has a building programme in the Borders, particularly at the new settlement of Tweedbank, has also had to trim its activities.

By the end of 1977 the number of homes built by the Association had fallen short of its original projection by 400 and it has been estimated that this deficiency will have risen to 550 by the end of this year.

## Knitting

Roxburgh District is the largest of the four, covering an area of nearly 600 square miles and having a population of 35,000. It also has the largest town in the region—Hawick (16,000), centre of the knitting industry—and two other towns of a reasonable size: Kelso (5,000) and Jedburgh (4,000). Like Galashiels, Hawick has suffered from being dominated by one industry. The town has changed remarkably little since the industrial revolution and much of its housing is old-fashioned and sub-standard. It has been estimated that there are 500 homes below acceptable standards.

As in Etrick and Lauderdale District, the Roxburgh District Council is encouraging owner-occupiers to apply for housing improvement grants in an effort to improve the housing stock.

Transport is also a local problem, with two main trunk routes—the A68 from Edinburgh to Scotch Corner and the A7 from Edinburgh to the M6—passing through the district and through the centre of the old towns. As in Berwickshire, there is potential for tourist development, particularly in woodland areas, but the district is looking to national agencies for help.

Tweeddale, an area of 350 square miles with the smallest population (13,500), makes up the western edge of the Borders Region. The geography of the district and its main lines of communication, which run along a N-E-S axis, give it a close connection with Edinburgh, West Linton, on the A702, a route to Carlisle and the M6 from Edinburgh, is within 20 miles of the capital and its pleasant appearance and surrounding countryside make it a popular commuter town.

Peebles, the largest community in the district, with a population of 6,000, is also close to Edinburgh and attracts day visitors. A quiet and attractive town, it is also seen by many as the ideal place to retire to, and the district has the highest proportion of people over pensionable age in the region (23 per cent.).

The provision of land for private housing is one of the district's priorities, particularly to serve the needs of those wishing to retire and the commuters. Transport, the attraction of new industry and the development of tourism are also stressed by the District Council.

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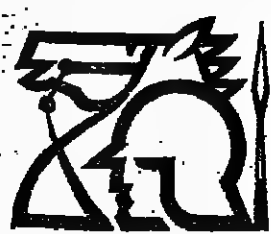
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مكتبة النهر



# Electronics leads the way

TEN YEARS ago there was no electronics industry in the Borders, now there are 13 companies employing over 2,000 people and making a wide range of products. In particular the region has become a centre for the manufacture of printed circuit boards, with two of the four major U.K. producers.

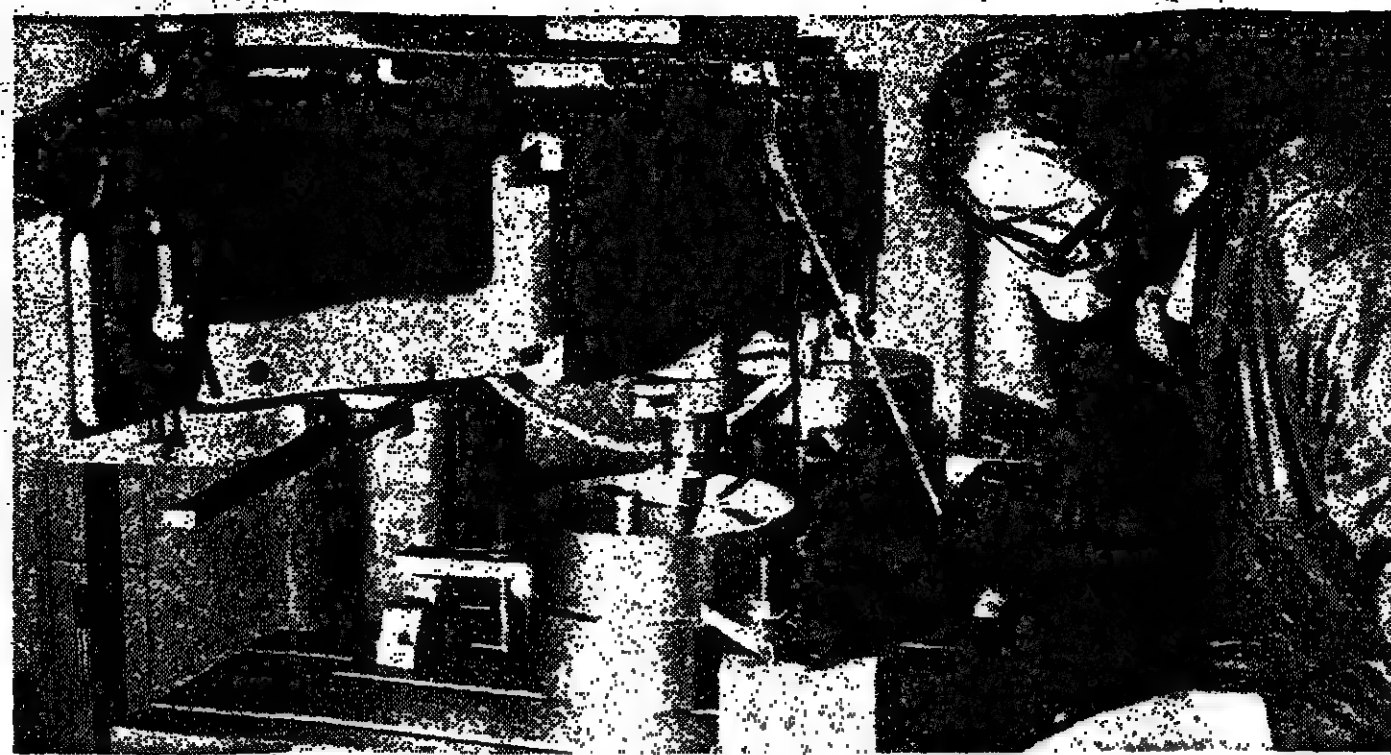
The growth of the electronics industry is the region's major success story and one of which it is understandably proud. It is exactly the sort of modern industrial process which suits the area, being clean and easily locatable in small units. Light, high value products are easily transported along the congested local roads and the industry manages to combine the happy advantages of a relatively high level of employment with high value added.

It is easy to see why, once the precedent was established, electronics firms have shown themselves keen to move in to the Borders. As a development area the region automatically attracts grants and other aid to subsidise the cost of new plant and machinery, and there are ample sites available for factories.

Borders people have also proved themselves easily adaptable to new skills and many of those who previously worked in the local textile mills have a manual dexterity which proves useful in small scale assembly work. Labour costs are also low (a fact which the Regional Council accepts, although it would prefer to see earnings rise to nearer the national average) and labour relations are generally very good.

But if there are reasons for the growth of the industry, the initial impetus came from inside the region and the story is one of entrepreneurship which would do credit to any more industrially conscious community.

The story began with the BEPI, which made a pre-tax



Precision drilling at Tweedbank Surgical's factory in Galashiels.

setting up in Galashiels of a company called Curry and Mill, which had little more than the energies and ambitions of its two founders, neither of whom had any experience in electronics. They began to manufacture printed circuit boards and the firm grew, until a few years later the original partnership broke up and the two members went their separate ways running competing companies.

Those two organisations, now named Exacta Circuits and BEPI (Electronics), are still in existence, although considerably larger and now owned by international electronics groups. Exacta is part of STC, which in turn is owned by IIT, and BEPI is owned by Fye, part of the Philips group.

profit of £235,000 in 1975, but moved into loss (£35,000) in the following year, has recently undergone a £1m. investment programme involving extending its factory at Galashiels and trebling its plating capacity. Fye also bought a BEPI offshoot, BEPI (Engineering) and has renamed it Fye Borders Electronics. It has two plants at Kelso and Galashiels undertaking electronic assembly work.

Exacta has now expanded and has its main manufacturing plant at Selkirk. The original Galashiels factory has been extensively re-equipped to undertake work on the TESA electronic switching system for the Post Office, and the com-

pany's own product development unit—an important part of the operation since it makes Exacta self-sufficient in keeping up with the fast pace of printed circuit technology—is housed nearby.

Mr. Peter Breen, general manager of Exacta, estimates that more than £1m. has been invested in the company since STC acquired it. Sales have more than tripled and the company has progressed steadily in the complexity of the work it is able to undertake. Although it made a loss of £88,000 in 1975 (pre-tax), its 1976 profit was £179,000. Figures for 1977 are not yet available for either BEPI or Exacta.

Although printed circuit manufacturing accounts for most of the employment in electronics in the Borders,

other firms make a wide variety of products. Sprague Electric (U.K.)—again American owned—produces capacitors, a number of small firms undertake assembly. Fedeltone International manufactures stylus and there are two companies making audio equipment—Nave Electronic Production making amplifiers and Tweed Audio, makes hi-fi kits.

Like every other industry, electronics has had its difficult times during the recession, but it has given a much-welcomed stability to employment in the borders, which was traditionally bedevilled by the cyclical demand for labour in textiles and agriculture.

It has also injected a fresh element of skilled employment, essential to a region fighting to retain its able young people against the pull of the cities. Besides its internal training, Exacta, for example, sponsors a course for technicians at a local technical college.

In the eastern part of the region other new industries have also been able to use local skills. C.H. Dexter, an American firm, specialising in non-woven fibre paper-making, took over an old paper mill at Chirnside, invested £4m. in new machinery and other improvements and now employs 230 people, many of them with long experience in paper-making.

Mr. A. B. Crawford, Secretary of the National Association of Scottish Woollen Manufacturers, is hopeful that the GATT multi-fibre agreement will help to reduce unfair competition from dumped textiles and that the Budget tax cuts will stimulate whom previously worked in the domestic demand.

agriculture and fishing industries are now employed in a new range of food processing plants, which by freezing, packing or otherwise processing the produce of regional industries add to the benefit derived by the local economy. They include Elba Growers (Eymouth), one of the largest producer farm co-operatives in Scotland and the first to be granted aid by the EEC Agricultural Guarantee and Guidance Fund.

But despite these new activities, the biggest regional employer remains the woollen textile industries. Both branches, knitwear and tweed, have been undergoing contraction and rationalisation in recent years, involving redundancies and closures.

Under the pressure of the general world recession, the fluctuating value of the pound and the competition from cheap imported textiles, which although inferior in quality to the natural wool garments made in Borders factories took away a large slice of traditional markets, significant changes have been forced on both industries. Perhaps the most notable has been the gradual disappearance of many family companies and the growth of large groups, able to afford the high cost of new machinery and aggressive marketing.

The Scottish group, Dawson International, now owns four knitwear companies in the region and a major tweed company, and other groups represented include Courtaulds and Coats Paton.

## Cautious

The future for both industries looks brighter than in the past. In the year to last September the knitwear industry, based in Hawick, achieved a 36.9 per cent. increase in export sales and a 44.4 per cent. increase in receipts from the home market. Mr. A. C. Purves, Secretary to the industry's trade association, expresses cautious optimism about 1978. The flow of orders already this year indicates that it could be a period of full employment.

In tweed, the increase of 15 per cent. in production last year was the highest level recorded since the late 1960s with turnover up by around 40 per cent. and exports maintained at just less than two-thirds of total output.

Mr. A. B. Crawford, Secretary of the National Association of Scottish Woollen Manufacturers, is hopeful that the GATT multi-fibre agreement will help to reduce unfair competition from dumped textiles and that the Budget tax cuts will stimulate whom previously worked in the domestic demand.

## Efforts to attract smaller companies

"SMALL IS BEAUTIFUL" is such a catchy phrase in an era when big is often proving to be uneconomic, that it is in danger of becoming a cliché that has lost its meaning. Much life service is currently being paid to small business, but when it comes to industrial development it is still the attraction of a large employer that is most highly prized. The arrival of a company offering only limited employment is usually regarded as amateur league stuff.

But with large mobile investment—on the scale say of the Ford engine plant destined for South Wales, or the Shell-Esso proposal for a petrochemical works in Fifeshire—so scarce and the competition to guide it to life, but in fact the region has one or other depressed area, no choice but to opt out of the few authorities can afford to be choosy. Many, however, still refuse to lower their sights.

The Borders has no such inhibitions. In the last ten years the average size of new complex

factories opening in the region was little more than 50 employees. "Under the Bolton Committee definition small businesses have 200 employees or less. On that basis we have only six companies in the Borders which are not small businesses," says Mr. Alastair Bilton, the region's development officer.

"Small is a way of life to us here, so I prefer my own definition of small business—one employing less than 20 people."

## Impossible

Small scale industry fits very well with the Borders' way of life, but in fact the region has no choice but to opt out of the few authorities can afford to be choosy. Many, however, still refuse to lower their sights.

With no settlement of more than 20,000 inhabitants, it would be impossible to provide a large labour force from the existing population of any of the Border towns. Housing a large immigrant workforce in one go would strain local authority resources, and would anyway introduce the danger of creating a single industry—the very evil the council is now seeking to escape from.

Communications are also unfitted to heavy traffic. The region has only one railway line and no major station, no motorways and practically no dual carriageways. What it does have is a virtually empty road, although private car ownership is higher than in the rest of Scotland, traffic densities are low. Light vehicles can get quickly and easily to any part of the region or to the large cities that surround it—Newcastle, Edinburgh and Glasgow—all of which have air and sea ports.

The region, thus, lends itself to small industry producing light, high value products which are easily transported, either directly by road, or by road and then air freight or rail. Electronics, precision engineering, high quality clothing, specialist paper and craft goods are among the items which fill this bill and are currently being made in the Borders.

The council's industrial strategy has included the provision of small units—up to around 1,250 square feet—where small companies can test their operations without the burden of excessive overheads before deciding whether they want to expand into larger premises.

"I think that a lot of our success to date is due to this policy," comments Mr. Bilton. "Embryo enterprises have been able to get a roof over their heads and see whether they were going to make a go of it before moving into something bigger."

The cost of providing these units was kept down by converting two old mill buildings in Selkirk and Hawick to provide modern factory units. Lingle Mill, Selkirk, for example, is being converted to ten units at a cost of around £4 per square foot—a fraction of the cost of building a new factory. All units have been let before the work is complete and around 110 people will be employed by the various firms using the mill, compared to 25 employed by the mill's previous single owner.

Larger units are being provided by the Scottish Development Agency, which took over

the factory building responsibilities of the former Scottish Industrial Estates Corporation. The SDA is extremely active in the region and has either built or is currently building more than 20 units of up to 14,000 square feet. These are either speculative Advance Factories (although some are let before completion) or bespoke factories for specific firms.

The council's development plan called for around 120,000 square feet of new factory space a year between 1976 and 1981, although it also estimated that 20,000 square feet would be provided by existing companies constructing their own extensions.

A priority system for allocating this space around the region was worked out on the basis of the need for jobs. Immediate attention was demanded for those towns hit by the recession in the textile industries: Hawick, Selkirk, Galashiels and Peebles. Nearly 90 per cent. of the total spending on new factory space was directed to these towns and to the new village of Tweedbank during the first two years of the plan.

## Recreation

Tweedbank is an area of 240 acres alongside the river Tweed and between Galashiels and the village of Melrose. A third of this land is being used to build 1,000 houses (mostly provided by the Scottish Special Housing Association). 30 acres is being devoted to an industrial area and the remainder—half the site—will be kept as open space, mainly for recreation.

The purpose of Tweedbank is to meet the region's housing needs without imposing strains on the existing towns and villages. Much of the housing and industrial development is now complete and occupied and there have been modifications to the original plan, but the ultimate size of the community is limited by geography. It will be a "New Village" rather than a "New Town."

Outside these priority areas, another group of six towns has been identified as being places where industrial development plans are already in progress, but may need strengthening to stimulate growth. They are Jedburgh, Eyemouth, Kelso, Duns, Coldstream and Innerleithen.

A third group consists of the rural settlements where craft and other appropriate small industries are being directed into existing and new workshops provided with the help of the SDA and the Small Industries Council.

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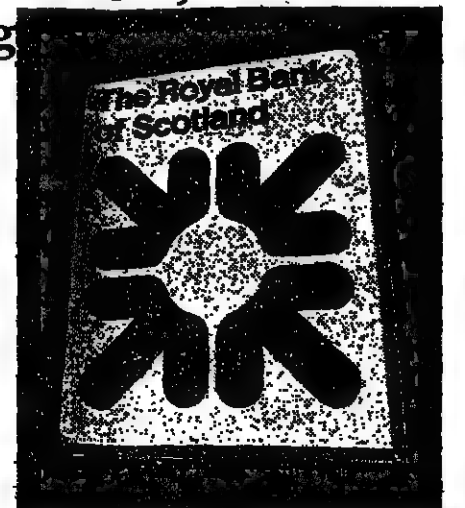
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## BOOKS

## Feast or famine?

BY C. P. SNOW

**Fiction and the Fiction Industry** by J. A. Sutherland. Athlone Press, £6.95 231 pages

**Literary Genes** by David Higham. Cape, £7.95 334 pages

Dr. Sutherland's *Fiction and the Fiction Industry* is a well-informed and intelligent study of the present state of fiction publishing in this country and the United States. Sutherland is almost certainly right in thinking that American publishing structures and methods will before long dominate our own. In fact they are already beginning to do so. There is nothing mysterious in all this. Technology and the modes of what we call private enterprise impose their own styles, those styles usually originate in America, and become international.

If you want anything radically different from today's American publishing you will have to look at the procedures in the Soviet Union and Eastern Europe. It is a defect in Sutherland's book that he seems to know nothing about other publishing industries. Bright as he is, he suffers from the ingrained parochialism of too many English practitioners. For them, England is the centre, even though it is a shaky centre. America has to be recognised, half admired (often for the wrong reasons), half despised (also often for the wrong reasons). Germany exists only because it originated and developed book clubs. France only because it resists the spread of paperbacks. The Soviet Union does not exist at all. This is a pity, for it means that Sutherland has not much to compare our position with. He has a deep and human interest in the financial problems of English writers, and it would have helped him if he knew how other writers survived. The practical life of writers in Eastern Europe can teach certain lessons. It has considerable disadvantages compared with our own, and considerable advantages. A writer in the East cannot be actively hostile to his own state system, otherwise he will soon cease to be a writer (or at least a published writer) at all. So he can't go in for political polemic, even if he wants to. With a little literary tact he can say most other things. He can say the things that he has the benefit of an audience passionately interested in what he does say. Here any of us can say anything, at the price of having no audience remotely interested in what that anything is.

On the material side, the writers in socialist societies are much better provided for than the general run of western writers. Some western writers

are richer than their counterparts in the Soviet Union and can do more with their money, although the more successful Soviet writers are probably the richest citizens in the country. That topmost layer of successful Soviet writers are better rewarded and more materially secure than Western ones. Books are cheap, editions are enormous, a hundred thousand for a volume of poems and so on. The economics of the whole operation are rather puzzling. However, writers receive substantial sums for each book, and an established writer can reckon on all kinds of reissues over the years. The ironic result is that Soviet writers tend to be much less productive than persons here struggling to make a living.

No one knows what, in our society, we can do to help more writers to make a decent living. Innovations such as book clubs will be useful for the already fortunate. In the West, writing increasingly becomes, in the American phrase, either a feast or a famine. Paperbacks may do something, but again they will tend to help the already fortunate. State help is very difficult to administer. It is very difficult to know what to do. It is very difficult to know what to do.

Sutherland makes the original point that the commonalities of the Victorian period have become the book clubs of today. That is nice and sharp, like the best of his writing. But he is often distastefully patronising. He appears to believe that people who choose to live at the margins of the literary world are themselves to be pitied. He has no aptitude for the higher life. Why shouldn't people live at Gerrards Cross, for God's sake, and why if they do not shouldn't they have independent writers' societies? To Sutherland, that is unthinkable. On the whole, the small sector of the population for whom he is a

spokesman are usually more conformist than they think. Real independence, like real insight, is very rare. If that were not so literary fiction wouldn't have its own distinctively ludicrous history. The general effect of Sutherland's book is to make for gloom about the literary future. That may be justified, though I should have a good many reserves. Sutherland has taken care about his factual inaccuracies, but there are irritating minor slips in scholarly accuracy as well as in copy-editing.

It is good to see the Athlone Press of London University producing a work as interesting as this (there is room for another good university press), and it would be worth everyone's while to attend to these pedantic quibbles. Our predecessors wouldn't have allowed it. Old-fashioned scholars would be outraged, and there is no reason why we should let such elementary standards fall.

Literary Genes by David Higham is a more informal sketch of modern English literary life, told as the major part of David Higham's biography. He has been a literary agent for 50 years. He is clearly an unusual character, with a fund of miscellaneous energy and un-realised ambitions. He would have liked to be a creative writer, and on the evidence of this book he would probably have made it. He has some of the faults of an irrepressible writer. He is appallingly facetious, and cannot resist a sexual reference in any context whatsoever. This effervescence may have kept him writing, but this book shows him radiantly content with it.

Since this review was written, news has come through of David Higham's death at 82. I think it is best to leave what I wrote untouched. He was a happy man, and he would have taken these comments as cheerfully as he took everything else.

## Out of confession

BY GECFFREY MOORE

**Day by Day** by Robert Lowell. Faber and Faber, £3.95. 138 pages

**Henry's Fate and Other Poems, 1967-1972** by John Berryman. Introduction by John Haffenden. Faber and Faber (Paperback), £2.75. 94 pages

Robert Lowell and John Berryman were of an age; one died by

jumping off a bridge in Minnesota in 1972, the other of a heart attack last September. There was a certain similarity in their development and ambition, too. They had a tendency to look over each other's shoulders—despite Berryman's tongue-in-cheek protestation that all poets are members of a self-protecting mafia.

After powerful, tortured, yet comparatively conventional beginnings, both poets developed highly personal styles, labelled in the sixties "confessional." Both delight with the sharp edge of their impressions yet hide under their surface ease a wealth of erudite reference and connotation. Lowell is the more solemn; indeed, it would not be unfair to say that he took himself more seriously.

Let us take Lowell first since that—without being unkind—is what he would have wished and how, to do him justice, history will probably view him. He set his heart on being a major figure, and of all the post-Second World War poets he comes nearest to being considered as such. *Day by Day*, which appeared in the United States only a few weeks before his death, is a great advance over his last books, *For Lizzie and Harriet* and *History*. In it, he has captured the easy grace of *Life Studies* with something of the heartiness of *The Dolphin*.

*Day by Day* (echoes of "God-father") is divided into three parts. An appendix contains another three—"translations"—this time the first adapted from La Fontaine, the second from Sherwin's *Life of Sheridan*, the third from Propertius. Part I contains the memorable "Ulysses and Circe" which might well—although it is longer—be compared with Wallace Stevens's "The World as Meditation." Part II, like *Notebook*, contains poems addressed to former wives, poets and critics. There is even one to Berryman himself, reminiscent in style of "For Delmore" (Schwartz) in *Life Studies*.

It is easy to see how long time Lowell wandered about the validity of the free style to which he had committed himself in the euphoria of the late 1950s, but then got his courage back. In *Life Studies* there is a lot of Caroline and all is etched deep with experience and artistry, each phrase startling the reader with the Lowell's mastery of his word-board.

But what about Berryman's word-board? Limited but equally delightful. Comparing Berryman with Lowell is, in some sense, like comparing Hemingway with Faulkner, those archetypes of the American literary artifice. One reined himself in; the other let himself go. Lowell, for all his adoption of the new freer manner, still has his prosodic links with the organ-note of the Shakespeare-Milton-Keats line of English poetry. Berryman is the quintessential American, not exactly tough like Hemingway, but toughish. In *Henry's Fate and Other Poems*, John Haffenden, who contributes an introduction and is working on Berryman's biography, has discovered forty-five more "Dream Songs," to which he has added eleven short poems and some fragments of longer poems.

It was Alfred Alvarez who coined the phrase "Beat Generation Principle" to describe the contribution of Plath, Lowell and Berryman. To which one might add —and Ginsberg, too, and Corso and Bukowski. All that matters is the achievement, and to savour that one must realise that the English mind is not the American mind, nor the English talent, the American.



H. R. Haldeman

## Haldeman tells

BY JUREK MARTIN

**The Ends of Power** by H. R. Haldeman. Sidgwick and Jackson, £6.95. 326 pages

Of all the Watergate books, *The Ends of Power* by H. R. Haldeman, Richard Nixon's right hand man for over four years, is comfortably the worst. The man who, next to the former President, is in a position to tell all ends up by revealing next to nothing and does so in a sloppy, self-serving, titillating and deeply suspect manner.

It is difficult to blame Haldeman from trying to cash in on Watergate. For a while, the stern former advertising executive who ran the White House Prussian Guard that protected Richard Nixon had acquired almost a reverence aura of nobility in declining to walk the lucrative roads trodden by the likes of Magruder, Colson, Dean and Ehrlichman, his one-time fellow villains. But, so the story goes, when his boss went public with David Frost for a fat fee and misled the public into the bargain, Haldeman could contain himself no longer.

So an experienced co-author was dispatched to the California penitentiary that is now his temporary residence, the recollections were tape recorded and hurriedly translated into book form.

The publishing industry fell over backwards bidding for the manuscript, with, of all people, The New York Times's publishing subsidiary winning the prime contract. The country was then subject to the inevitable media "hype"—much was written about the conditions of inordinate secrecy and security under which the book was being produced—which The Washington Post in a much needed throwback to its old glorious Watergate days, elegantly nipped in the bud by cunningly removing a copy from the fortress-like printing plant and putting it all over the front page ahead of the carefully planned serialisation and publication release dates.

This story is in fact much more interesting than the book itself and in the end attracted much more comment in the U.S. than did anything Mr. Haldeman actually wrote. It certainly focused the mind on the exploitation of a sorry saga in American history by commercial interests. An assistant at my local bookshop around the corner from the office here in Washington told me that several people had demanded to be given a copy of the Haldeman book free of charge, something which, she asserted, had no precedent in her experience.

But what of the book itself? Its inaccuracies are legion, starting with the statement that the hotel across the road from the Watergate which was to house the listening end of the planted bugs was the Holiday Inn, and not, as everybody knows it is, the Howard Johnson. This, and countless other instances, can only be put down to the speed with which it was compiled.

More disturbing is the fact that Mr. Haldeman is forever hedging what he says on the really important issues of fact such as what was on the notorious taped conversation between Nixon and Haldeman three days after the Watergate break-in from which 184 minutes were erased; who erased it; what were the details of Richard Nixon's involvement both before and after the burglary.

Haldeman retreats into the infuriating device of the use of such phrasing as "it is my belief that" or "my perception is" or "my theory is." Easily the most plausible explanation for this, coming, of course, not from the author but from other, close observers of the Watergate scandal, is that if Haldeman were more direct in his book he would run the risk of incurring perjury charges. Whatever the truth, the reader is left singularly short-changed.

It is also patently obvious that Haldeman draws heavily for his narrative on other previously published Watergate memoirs—including that of Woodward and Bernstein, the Washington Post's investigative reporters. Thus the new material in *The Ends of Power* is, confined mostly to the odd vignette—such as Ehrlichman's baiting of Kissinger with nude photographs of starlets the latter was supposedly dating—plus some largely unprovable assertions of diplomatic initiatives taken by the then President, the pretension of a Russian surgical nuclear strike against China in 1969 and the defusing of a second potential Cuban nuclear missile crisis with the Soviet Union a year later.

Now, it is possible to maintain that there is nothing more than the ancillary actors in the Watergate drama—of which Haldeman was one—can add to the sum of human knowledge. The final key is still tucked away in the pockets of the principal players, Richard Nixon himself. His memoirs, already being hyped to the hilt, are due out soon. Even without the evidence of last year's Frost interviews, the suspicion reinforced by the Haldeman book, persists that something less than the full story will be told.

## Story in pictures

BY DAVID FREUD

**The Penguin Shorter Atlas of the Bible** by Luc H. Grollenberg. Allen Lane, £5.95. Penguin £1.75. 265 pages

**Climatic Change**, edited by John Gribbin. Cambridge University Press, hardback £17.50, paperback £6.50. 280 pages

**Elusive Treasure** by Brian Fagan. Macdonald and Jane's, £7.95. 360 pages

**The Shorter Atlas of the Bible** brings the history of Palestine and the Middle East to life by showing where the events took place. The maps and photographs—there are 109 plates in all—are not embellishments to the text, they are almost strong enough to tell the story by themselves.

Some bibles however, *The Shorter Atlas* was first published in 1959 and is now beginning to show its age. No attempt has been made to insert information or pictures dealing with material that has come to light in the past 19 years. Perhaps the worst omission is Masada, whose stark excavated ruins merit picture treatment far more than some of the photographs which are still included.

*Elusive Treasure* by Brian Fagan, Macdonald and Jane's, £7.95. 360 pages. The impact of climatic change on human affairs has also been substantial. One of the most dramatic examples in historic times was the changeover from the warm weather of 1,000-1,300 AD to the Little Ice Age which lasted until 1850—and may not be over yet.

The Little Ice Age put an end to the Viking colony in Greenland despite the fact that at the time of naming, Greenland was probably not an inappropriate title. Ironically Iceland, first settled in the earlier cold period, was also appropriately named at the time.

*Climatic Change* is a collection of papers from experts summarising the state of present-day research in a number of specialist areas that make up the field.

## Fiction

## Japes of Roth

BY RACHEL BILLINGTON

**The Professor of Desire** by Philip Roth. Cape, £4.50. 263 pages

This novel, *The Professor of Desire*, is the "prequel" to the useful new American word-book, *Time Magazine's* "The Professor of Desire" by Philip Roth. It provides the background to the novel, in detail how David Alan Kepesh, a successful Jewish intellectual in his thirties, passed through the various erotic stimuli provided by the women in his life until, after "a massive homosexual inflex," he became a "broad."

This is not to say that *The Professor of Desire* cannot stand on its own merits. Indeed, since its relationship to *The Breast* is nowhere mentioned in the book or on the jacket, we are presumably expected to judge it as a new and independent work.

It is a full, if episodic, account of a man's attempt to come to terms with his sexual nature. As a young man in London, Kepesh shares a flat with two sexually abandoned Swedish girls. One, too much in love with him to enjoy their threesome, tries to commit suicide but the other stops her until he has tired of her lovelessness. Returning to America, he falls for and marries a brilliant and beautiful American girl who is also a destroyer.

Their marriage ends with her here (now) a professor of English) impotent and in the hands of an analyst. He is rescued from this predicament by a woman who appears at first to be the ideal. Claire puts candles on the table for dinner.

Success by Martin Amis. Jonathan Cape, £3.95. 224 pages

**Kalki** by Gore Vidal. Heinemann, £4.50 242 pages

**Dreaming of Babylon** by Richard Brautigan. Jonathan Cape, £3.95. 224 pages

Success is Martin Amis's third novel and on dear the weak jokes its title will probably call forth. Because it's so much better than *Dead Babies* or even that first freerackler poked down the reviewers' willies. *The Rachel Papers*, that one's tempted, oh dear again, to overstate its effect. So let me be cool and, at first, technical.

In form it's like a Moebius strip. The action goes round in a circle of sorts but its telling, like the pencil that marks both sides of the strip as you twiddle it round, while standing motionless in mid-point, runs round both sides of the same facts, twists and reversals flowing into one another without a break, lies and deceptions gradually exposed as the strip moves on. Terry on one side (and Terry, plebeian, bawling, and on the other, a more sophisticated, early 20th-century, he's loathsome to every one and particularly to girls), Gregory (his total opposite in looks and above all in self-esteem) on the other.

Both live their fantasy lives. Terry, at the grovel, self-hating, repetitive, what used to be called mouth-mouth (which means mostly the use of a single old, recently unprintable word as noun, verb, adjective, expletive, past and present participle, in the nominative, vocative, accusative, ablative and in any other case or cause you can think of). Gregory preening his fanciful feathers till he gets his psychological empannagement and roles, as one long suspected they would be, are gradually reversed.

Their ferocious overstatements build up to a topping commentary on what I can only call, for lack of inventiveness, our present-day world, Moscow Road, Baywater, and what it reflects and contains. It isn't about anything, it's about the dirty, enticing, violent, threatening, challenging, limitless yet restricted world we glimpse and guess at even if we happen to live in pastoral surroundings that I can't help recalling those extraordinary narrative passages in the film of *A Clockwork Orange*, not the particularly riotous ones but the linking bits where Kubrick had his people walking about with such mannered, explosive, reluctant effect.

Bad taste, bad jokes, snobbery and sourness, pain, regret, nostalgia for what wasn't, physical sweetness (and occasional physical sweetness, pleasure, admiration), are clumped together into a rich mixture that contains, I suppose, tentative statements at least on things in general, life in particular. Above all there's the writing. I found myself reading passages to anyone who'd listen.

Gore Vidal, whose "brilliance" is an article of faith to some, specialises in virtuosity, performance, a smooth, laconic manner, a wisecracking style. His plots grow convoluted and sexual antics more bizarre; he has to coo oddities with ever odder, taller stories, and Kalki teeters on the edge of the apocalyptic, which is stretching his talent I think a little too far.

Philip Roth: back in time

This search for an ideal makes Roth inclined to create a romantic atmosphere for his hero. Perhaps he thinks the reader may otherwise lose sympathy for so much egocentric self-pity. Unfortunately it also means that Mr. Roth's great gift for satirical comedy goes largely unexploited. It is only when the story moves off the quest and centres briefly on the relationship with his parents or his university colleagues that we are let off gently irony and allowed some good old-fashioned comedy.

Thus, one of the best scenes (and quite untypical of the book) is a description of the father's concern over a homosexual caller at his son's New York flat's intercom. "You're not involved," he claims, his throat "with something, you want to tell me about..."

Generally, the book not only calls on us to believe in Mr. Kepesh as a romantic but also chooses obvious stereotypes for a deeply serious person. An intellectual, moreover, who turns out to be a sexually voracious, and quite untypical of the father's concern over a homosexual caller at his son's New York flat's intercom.

He travels to Prague where he meets a Czech professor "retired" from teaching after the Russian invasion. During a discussion about Kafka and totalitarianism he makes a parallel between the enslavement of the



Philip Roth: back in time

spirit by the state and the enslavement of the spirit by the sexual urgings: "I can only compare the body's utter singleness, its cold indifference and absolute contempt for the well-being of the spirit, to some unyielding, authoritarian belief."

A moral tale? But where is the moral? A parody? Of what? Despite the Roth way with words, the "Our Gang" irony and the occasional glorious scene, the point of *The Professor of Desire* is indisputably *The Breast*.

## More fiction

## Bayswater reflections

BY ISABEL QUIGLY

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flair. Like Ken Russell's on a good day. "Yesterday is about suburban life and marriage in the early sixties, the waning of a marriage, the establishment of a new one. In Chestnut Close, Bromley, where residents' associations and barbeques, coffee mornings and large dogs and innumerable small children are kept in trim by armies of au-pair girls and the odd visiting mother-in-law. The banalities of middling bourgeois life are seen not quite straight and not quite sideways, not quite humorously either, though with a certain

Why does the marriage of a perfectly matched pair go askew? When it does, there's room and scope for another, is the simple psychological message. But the effect isn't simple. There are both layers of feeling, and layers under which others lurk, zones outside which all's darkness.

This is Alan James's second novel, an exercise in the skillful use of small-scale details. Let me say the housewife's day is seen in terms of a series of small, controlled, effective, steady domesticity; a coal fire in a satisfactory small grate, enclosed, controlled, effective. Richard Brautigan is for his part, a bisexual, *Dreaming of Babylon* obsessed with the memory of Amelia Earhart, of the last days of the old world, the first of the new. Horrendously vulgar yet amusingly fast and flip, it flizzes along at the start and finish but sags badly midway while everyone including the reader is undecided about the role, rightness and fictional effectiveness of Kalki and company.

Upmarket SF? Downmarket Vidal? Religious-social comment? A blate and abstruse, or even, satisfying or even, satisfactory, but shows a certain show-biz

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# APOLLO

Edited by Deana Sutton

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## The Marketing Scene

EDITED BY MICHAEL THOMPSON-NOEL

## Getting the budget right

BY MICHAEL THOMPSON-NOEL

DECIDING WHETHER to spend more on advertising and promotion is among the more subtle and elusive questions a company faces—subtle, because under some conditions a few thousand more or a few thousand less on the advertising budget can transform or sabotage the sales returns; elusive because the rationalisation provided for a given advertising budget, even with some of the biggest companies, is often more a matter of conviction than of science.

Small wonder, then, that a new booklet prepared for the IPA by McCann-Erickson, *Setting Advertising Appropriations*, concludes that if there is no "right" answer to the question, "How much should I spend?" it is because there is no single right question. Markets vary, products differ, tactics alter, and strategies undergo revision in the light of the choice of medium or message or the skill with which each is deployed.

According to the authors, a view of the published work on budget setting (the Marketing Communications Research Centre's Cranfield alone has published some 2,000 papers on the subject) reveals two things: first, there is no simple formula or any equation that can be applied universally; second, overworked marketing managers have little time to spend selecting and evaluating the plethora of models and methods advanced from this corner or from that.

On the other hand, what happens when a market suddenly arches from a familiar trajectory to an unfamiliar one—when an approach to budgeting suddenly sweeps into the dust because of upheavals in the market (quarrel-watches, Tel and Ronco, skateboards) to the need to be replaced by potentially high-risk and extremely expensive responses to completely new situations?

As the authors say, there is no single answer to a question like that. But it is also their belief that such is the extensive use of arbitrary, rule-of-thumb methods of budget setting that the majority of advertisers could improve the quality of their approach, and it is the purpose of the booklet to review alternative methods and provide guidance on how improvements can be made.

First, it reviews 15 established techniques for budget setting, together with their strengths and weaknesses, before setting off on a brief examination of some of

the techniques which employ a model or standardised computer program based on variable factors relevant to the advertising task. These include the Vidale and Wolfe method, the Hendro Graphics method and the MAP method, though the authors observe that the application of management science-orientated techniques both in the U.S. and U.K. is scarce because it is felt that considerable pioneer work still has to be done before marketing directors let alone their chairmen, can be expected to understand their complexities or summon up enough confidence to use them on anything other than a limited scale.

Chapter five is devoted to 12 case histories based on Nielsen data, which—not unexpectedly—seek to reinforce the prevailing credo of the advertising business: namely, that although the removal or reduction of advertising pressure seldom produces a particularly dramatic or fast-working decline in sales share, it is nonetheless the first downward step in the erosion of a brand's franchise.

Inertia and brand loyalty will carry the product on for possibly years after advertising has been cut, say the authors, "but those charged with long-term accountability of a company's real assets—its brands—should be vigilant that short-term balance sheets are not achieved at the expense of long-term disease and decline."

A couple of naughty boys identified by the authors are the canned fruit and orange squash markets. The former, they say, is valued conservatively at £50m, or RSP though despite the presence of household names like Libby and Del Monte, TV and Press advertising (per MEAL) in the 12 months to last June did not exceed £154,000—an enormous advertising-to-sales ratio of around 0.5:100.

It is a similar story in orange squash, where the ad-to-sales ratio, say the authors, is approximately 1:100 and where the promotional effort has largely degenerated to the price level. On the other hand, the authors are delighted to report that whereas the market for squashes and cordials as a whole appears to be under-supported in terms of media inflation-linked advertising expenditure, one of the leading brands, revealed a very different picture in that over a six-year period, advertising expenditure had increased tenfold, leading to (or at any rate accompanied by) a 300 per cent increase in sales.

## MARKET RESEARCH

## In the mood for expansion

THE MARKET RESEARCH industry has never had it so good, and to celebrate, research company executives and their clients are gathering to-day in unprecedented numbers for the Market Research Society conference in Brighton. The prosperity of the past two years has encouraged market research to look outwards again, and the conference is the most expansion-minded for years. Its main theme is how research can help the British economy and, after years of introspection there are external notables like Sir Harold Wilson and Sir John Methven scheduled to stir things up.

Market research, in line with advertising, has benefited from the fact that industry is a little more optimistic and consequently needs research to plan its new investments. In addition, the Government's wage controls have improved the cash position of many companies, and enabled them to boost their marketing budgets.

In bare statistics it means that the 25 members of the Association of Market Survey Organisations, who together account for one-third of the £45m spent through research companies in the U.K., increased their turnover last year by 24 per cent, well ahead of inflation.

In the first paper at the conference to-day, in fact, Martin Simmons of Gordon Simmons argues that £55m was spent on commissioned research last year.

And there seems no immediate end to the boom. The same group of companies experienced a 50 per cent rise in inquiries in the last quarter of 1977, compared with the previous year, and 1978 has started just as well. Only a shortage of trained personnel, the consequence of shedding staff during the 1974-75 slump and failing to train new graduates, is restricting even faster growth.

In desperation, companies are using external consultants or charging exorbitant rates for the job. Undercutting is, for now, a thing of the past.

Rather surprisingly, although staff levels have not risen much—successing improved productivity—profits are still low compared with most industries (although not advertising). The average net profit before tax is around 8 per cent. There are historical reasons for this—an inclination on the part of the smaller research companies to earn a good living for the directors rather than to enrich the shareholders or, for the research companies owned by advertising agencies, a throwback to the days when the research was not fully costed for important advertising clients, by the fact—remaining that

research is so competitive (over 150 active companies) that it is no easy way to make a fortune. It is also labour intensive. Staff wages remain the biggest direct cost, accounting for around two-thirds of expenditure, and if the Government should lose its grip on incomes the current prosperity could quickly disappear.

There is one exception to the rather plodding and certainly cyclical performance of most research companies. AGB, perhaps because it is the only publicly

the television audience measurement contract, within a couple of years.

Continuous surveys, which clients come to rely on for marketing decisions, protect research companies in recessions and underpin their viability. The gap between the large companies, with successful on-going panels, and the small organisations competing for one-off assignments, seems certain to grow. For example, AGB can now offer, through direct wire

scientific assessment of a market, or a new product, or a fresh advertising approach.

Although the market research consultancies worry about their image, and the fact that many quite large companies still prefer to follow their noses rather than research, the basic concept of using an outside specialist now seems to be established. Among large companies, only Procter and Gamble, Mars, ICI and Beecham buy research to their internal chests; most companies preferring to combine a slimmed down market research department with outside specialists.

Even the research companies in their turn are putting more work out to independent field forces and computer bureaux, and the shortage of good interviewers is becoming a restriction on growth. Perhaps the time has come when the very words "market research" are inadequate to describe the service provided. The papers at this year's conference, with their emphasis on trade unions, local authorities and the EEC, are far removed from marketing. They are about gathering adequate information on which to make planning and investment decisions.

There has been considerable growth in recent years in financial research, opinion research, overseas research and social research. The problem has been that clients in these areas do not often have marketing departments, or market research managers. The hope for the 21st annual conference is that there will be enough prospective informed purchasers for the new and potentially more exciting horizons for research, which after years of gestation seem finally to have arrived—financed, it must be said, by the continuous support of the traditional product marketing surveys.

quoted research company in the U.K., is reckoning to increase both revenue and profit this year by over a quarter, even though it is starting from a very high base. All told, the group will record a turnover in excess of £10m, discounting Mercury House, the magazine company which has just been acquired and which marks the furthest diversification yet away from research.

But chairman Bernard Audley sees AGB as an information services operation and not as a magazine. One leg of a tripod which includes research and computer services so inter-linked these days with research. With profits approaching £1m, AGB can afford its investment in overseas companies in Italy and the U.S. Both have turnover of around £5m. Nielsen managed a 17 per cent sales growth last year and looks set to repeat the performance in 1977-78. Its revenue is still centred on retail auditing but Sabine, which gives more flexible interpretations of the basic data, and the Prices Service, a quick check on shop prices, have been successfully launched, and a new retail census is in hand.

The companies that have marketed successful continuous surveys plus those that dominate the omnibus survey field such as NOP, MARS, RSGB, BMRB and Gallup, have this built in protection in bad times, but these days everyone seems to be doing well, as the table shows. Some of the improvement is the illusion of inflation, and in real terms there was a better year yet with more inquiries from both new and old clients it is hard to convince the companies of this fact.

Even the Government and local authorities are buying again, accounting for around ten per cent of total expenditure. The biggest contract put out last year was an audit of the national housing stock for the Department of the Environment with RSGB, NOP and SCPR sharing a £1m contract between them.

About the only sector which is loosening its links with market research is the advertising industry which is now responsible for around 15 per cent of the assignments as against a quarter a few years ago. Even so, around two-thirds of the contracts still come from consumer goods companies who want a

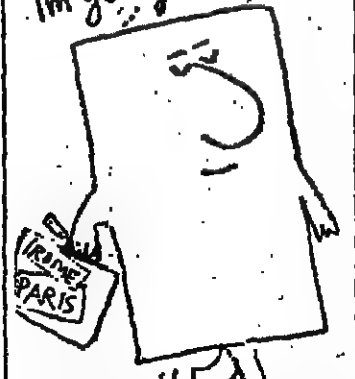
## Another £1m. worth of BR business on the line

BRITISH RAIL, planning to spend up to £3.5m this year on advertising, may move its £1m-plus Sealink account from Lonsdale Osborne in a postscript to last year's re-routing when it switched its £1.5m, Inter-City business to D'Arcy-MacManus and Maslin and shunted its £500,000 South-East account to Saatchi and Saatchi Garland Compton.

As well as Lonsdale Osborne British Rail will see Sealink presentations by Boase Massimi Pollitt Univas, Allen, Brady and Marsh, and McCann-Erickson Collett Dickinson Pearce was invited to join in, but declined. A decision is expected in five weeks.

EDEN VALE'S SKI, which holds 44 per cent of the £52m, real fruit yogurt market, will be backed by a £750,000 TV campaign starting this month.

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ANTHONY THORNCROFT

## The business Press booms

BY PENNY HOPKINSON

THE Sixth World Industrial Advertising Congress, sponsored by ISBA, returned to London last week, and while there was little new for seasoned international marketers and advertisers, there were a number of highlights which helped underline current opinion and consolidate an atmosphere of optimism on issues affecting business publishing and industry.

Paul McPherson, executive vice-president of McGraw-Hill Publications, set the stage by tracing the real and inflated growth of world business from the past decade to the present as a springboard for projecting economic futures. He revealed the results of a recent survey by his company which measured the attitudes and confidence of businessmen by selected countries, and dealt with advertising and its relationship to business growth in the U.S.

Confidence in the use of business publications to reach the few truly influential buyers in a clearly defined population segment is growing at a palpable rate. More important, it seems destined to continue with fewer, larger, business publications prospering through a process of merger and survival of the fittest.

"The business Press," said Mr. McPherson, "is enjoying halcyon days. Total advertising revenue of U.S. business publications has increased from \$233m. in 1947 to \$1.2bn. in 1977, but to put this into proper perspective, the 1977 total should be compared against

the most comparable print media—consumer magazines. The \$1.2bn. represents almost 55 per cent of the \$2.2bn. total spent for advertising in U.S. consumer magazines."

U.S. business publications had not only registered substantial gains in 1976 and 1977—12.6 per cent, and 14.1 per cent, respectively—but had increased their share of total advertising versus other media.

Based on comparisons of revenue received from European advertisers, Mr. McPherson said his company estimated that European business publications had grown at an even faster rate over the last decade and were still on a strong upward curve.

It was obvious that the substantial gains of 1976 and 1977 had had a highly favourable impact on profit margins; business publications, particularly the leaders, were to-day in the soundest financial position in their history, and the good times should continue, despite numerous problems of rising costs.

On a different tack, Hans Jonsson, director of communications at Atlas Copco, turned his attention to Third World promotion, observing that one of the highest possible tributes to the Western business Press was being paid by societies that did not possess comparable publications of their own. In these areas more than 1,000 U.S. and European publications were regularly received, translated, abstracted or reproduced in full and distributed on a massive scale.

## ITT made a great name for themselves on Southern.

Awareness of ITT rose dramatically after their 1977 corporate campaign on Southern Television.

ITT took 81 spots on Southern during their 1977 corporate campaign. The 60-second commercials were designed to show the company's wide range of activities. The message was one of quality, reliability and responsibility. The audience was literally everybody, from consumers and employees to trade unions, shareholders and even Government. Results were both immediate and dramatic. Awareness and attitudes improved considerably, and the number of people who had never heard of ITT fell by two-thirds. \* Further proof of the power of television for corporate advertising. \* Research Services 1977

## SOUTHERN TELEVISION

For further information contact Brian Henry, Marketing & Sales Director, Southern Television Limited, Glen House, Stag Place, London SW1E 5AX, Telephone: 01-834 4404.

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# U.K.'s chance in Latin America

BY HUGH O'SHAUGHNESSY

THE MAINTENANCE of the setbacks that we have suffered in other parts of Latin America. With luck there may be a year or two when the knife will stick to the side of the blade they fall back on to the plate splashing gravy on to your shirtfront. And even when you've got them into your mouth there's always the danger that you'll cut your lips in the process.

Substitute contracts for peace and our commercial competitors for the neighbours at the table and you have a fair picture of the difficulties facing British exporters in the Latin American market. No sooner has trade going than a political or economic change takes place in one country or another and fully laid plans and bids fall to the ground.

Import restrictions in Brazil and now even in Venezuela and the severe cash crisis in Peru are examples of this. All these hazards mean that those in charge of British exports promotion have to be extremely quick witted and to have more than their fair share of good luck.

Happily it seems that good timing and quick wit have both played their part in improving British relations with Mexico. The Queen's visit to Mexico in 1975 was notably successful and Pemex last week raised \$10m. with British banks prominently involved. Mexico is in the middle of an oil boom with the stuff gushing out of the ground and under the sea almost everywhere. Pemex is pushing down a length of tubing.

Peru has one of the most varied ranges of export products, from copper and cotton to fishmeal and sugar, most of which, through a combination of "break" circumstances have not been providing the export income that they should. There can be no doubt that Peru's foreign income will recover sooner or later. Whether it will be sooner or later will depend on whether the fund takes a harder or softer line with the Morales government.

It seems to me that there are good precedents for a Labour Government in a country like Britain which prides itself on its democratic traditions to take the lead in urging the Fund to be accommodating to General Morales while he is trying to steer his country back to democracy. The action of the Overseas Development Ministry last year in refusing a grant to the military Government in Bolivia was a very important milestone in the process of Bolivia's impending return to civilian rule this year. If Mrs. Judith Hart's ministry could last year help to restore Bolivia back to democracy it should not be beyond the capability of the Foreign and Commonwealth Office, the Treasury and the Bank of England to smooth the path of a military Government which has already taken the road towards civilian rule. In doing so London could store up a great deal of good will which could be very useful when the next lot of major contracts are being planned in Lima. A few supportive words for Peru from Dr. Owen or even from Mr. Healey, Mr. Dell would not cost much and the might prove a sound investment.

## Exhibition

Pemex moreover wants to get together with the British National Oil Corporation in the sphere of international marketing. And the Department of Trade with masterly foresight has scheduled a big British industrial exhibition in Mexico City in November which promises to be a great success. The great and good mandarins in Victoria Street modestly refrain from taking credit for the good timing. The cheerful among us murmur that this modesty about their efforts in Mexico is not unconnected with their wish to avoid censure for mounting a British industrial fair in Sao Paulo at the exact moment that the R-million economy went off the boil.

All therefore points to the possibility that Britain will do good business with Mexico in the near future, thereby compensating for

# All at sea in the Shetlands

By RAY PERMAN, Scottish Correspondent

WHILE THE constitutional future of Scotland and Wales remains, to say the least, undecided, there is one area of Britain that is even more uncertain as to what its fate is to be. It is ironic that although they set out to remove what was seen as doubts about what was in store for Shetland, the islands' leaders have merely added to the confusion.

Provided the first of the Government's two devolution Bills completes its parliamentary stages without further mishap, the Scots will get a chance to vote in a referendum on whether they want a new legislative assembly to be set up with domestic powers. MPs opposed to devolution have introduced a few red herrings along the way, but basically the choice is then clear: if sufficient Scots want an assembly they can have it; if they do not, things will stay much as they are.

In Shetland, however, life will be much more complicated. Under an amendment proposed at the instigation of the islands' council, if Shetlanders vote "No" to devolution but the rest of Scotland votes "Yes", a constitutional commission has to be set up to consider what happens next. And, as a report compiled by the council's own consultants shows, the issues likely to be raised will be neither easily nor quickly resolved.

The Nevis Institute, a new body under the chairmanship of Lord Kibbrandon given a useful start in life by the £3,000 it will receive from Shetland for its three-volume report, has examined nine possible options. They are: 1—the status quo; 2—the rest of Scotland becomes devolved, but not Shetland; 3—Shetland becomes part of a devolved Scotland; 4—Scotland becomes independent; 5—Shetland gets devolved powers separately from Scotland; 6—Shetland becomes a state in a federal U.K.; 7—Shetland, as a condominium of separate states of England and Scotland; 8—Shetland with special status, probably along the lines of the Faroes; 9—Complete independence.

## Safe bet

It is a safe bet that no other part of the U.K. particularly no other community of less than 20,000 souls, will have given so much thought to what the future might hold as will Shetland when it has digested the Nevis report.

In fact, when they consider what they should tell the commission, the islanders can skip considerable sections of the report. It will not be in their power to decide whether the U.K. becomes a federal state, or whether Scotland becomes independent, nor are either of those in immediate prospect. So options four, six and seven can be left on the shelf for the time being. Options one and nine can be dismissed with a cursory reading. If Scotland votes against devolution there will be no Shetland commission; and there is little evidence that islanders want to go it alone.

The real question facing Shetland is much less complex than the council and Nevis have made it. It is simply: if Scotland votes for devolution, what course can Shetland take that will make the least change to the islands as they are now? Particularly the islanders want to safeguard their single tier all-purpose local authority against any new re-organisation, protect the powers they have over oil development and the revenues from oil, and ensure that they do not lose any of the considerable subsidy they already receive from the rest of the U.K.

## Best hope

The best that the islanders can hope for in this case is that they could make some special arrangement with the Secretary of State for Scotland, who would remain a Minister in the U.K. Government after devolution, and hope that his much depleted civil service department would be able to supply Scottish Assembly legislation to Shetland's needs.



Lord Kibbrandon

Like the rest of Scotland, Shetland would still be able to return an MP to Westminster, but it would have no say in the assembly which will be responsible for Scottish Law and the administration of courts, education, health services, the environment, crofting law, the activities of the Highlands and Islands Development Board, and many other areas of direct interest to the islanders.

Nevis suggests that any assembly initiatives could apply to Shetland with the approval of the Secretary of State, presumably either another amendment to the Scotland Bill while the commission delves would have to be pushed

# Midnight Court gives Winter few worries in Gold Cup

FRED WINTER, who since he started training has always considered the Cheltenham Gold Cup to be something of a bogey race, can have had few worse yesterday's Midnight Court when the prize for him for the first time.

Always travelling smoothly in the hands of John Francome, who has a Jockey Club inquiry into allegations of bribery and corruption, Midnight Court was off the

performed opponents—showing prominently until after half-way—and today's race looks set to provide him with some valuable consolation.

Peterhof, who won the event a year ago with a length success over Itau, is preferred to Roller Coaster.

At today's sole Flat meeting, Hamilton, I believe it could pay backers to couple Mick Easterby's Royal Prerogative ally, Podola, among the runners for the Cheltenham Stakes, and the Gordon Ramsay-trained Sharpfords. The last-named, who makes his Flat racing debut in the Douglas Water Stakes, strikes me as the day's best bet.

**CHELTENHAM**  
2.00—Ten Dollars More  
2.30—Star Dyker  
3.05—Kypote  
3.40—Spurran Mistle  
4.10—Just Revenge  
4.40—Fourth Son  
5.10—Isotip  
5.40—Great Big  
6.10—Tanna Tams  
6.40—The Foxbar  
7.10—Podola  
7.40—Valkyrie Minnie  
8.15—Sharpefords

## RACING

BY DOMINIC WIGAN

heel of the leader and favourite Fort Devan, until Francome set him slight on the downhill bend. From that point it was simply a question of by how far the 7-year-old would win, and who would follow him home. Lengthening his stride, Midnight Court forged clear to run out one of the easiest winners ever seen of the 1978 Gold Cup.

Earlier a major gamble on Midnight Court's stablemate, Rodman, the long-time favourite

for the Daily Express Triumph Hurdle, proved only just wide of the mark, when the Uplands gelding failed narrowly to hold the 25-1 chance Connought Ranger.

Attempting to make all the running on Rodman, Francome appeared to have the race sewn up as the field swung down the half-mile from home. However, Connought Ranger, Poller and within the Law all began to close up, and it was Connought Ranger's turn to finishing speed which proved the favourite's downfall.

Turning to today, the most intriguing event for my money is the 34-mile Ronald Roys Hurdle in which Champion Hurdle contender Kybo, meets the year-old Perth on level terms, and at the same time bids to give weight to both Roller Coaster and Castell Memories.

Although Kybo's final position of third from last in the 13-runner Waterford Crystal Chase Hurdle may look on paper a far from inspiring effort, the 5-year-old, did, in fact, run a respectable race against his more experienced opponents—showing prominently until after half-way—and today's race looks set to provide him with some valuable consolation.

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## BBC editor for Thames

Mr. Townsend, who joined television 14 years ago, at Thames Television, Mr. Michael Townsend, editor of the *Tonight* programme, will produce a Thames weekly current affairs programme in the autumn. Thames announced today.

## Circuit judge appointed

MR. LEWIS HAWSER, QC, has been appointed a circuit judge. He has been assigned to the South Eastern circuit and will undertake Official Referee business in London.

## ENTERTAINMENT GUIDE

**THEATRES**  
HER MAJESTY'S, CC, 01-330 6808. Evenings 8.00. Mat. Wed. and Sat. 3.00.  
In LESLIE CRUSCHKE and TRAVELLING MUSIC SHOW.  
Directed by BURT SHREVELOW. "A musical comedy with a personality and a humour which is both original and original." (Theatrical Observer).  
KING'S ROAD THEATRE, 352 7488. Evenings 8.00. Mat. Wed. and Sat. 3.00.  
The ROCKY HORROR SHOW.  
LONDON PALADINUM, 01-437 7272. Evenings 8.00. Mat. Wed. and Sat. 3.00.  
The SUPREMACY OF PETER WILSON. Karen Jackson and John Wood. Box Office open. BOOK NOW.

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SHARPEY'S, CC, 01-330 6808. Evenings 8.00. Mat. Wed. and Sat. 3.00.  
A SMASH NEW MUSICAL. "A musical comedy with a personality and a humour which is both original and original." (Theatrical Observer).  
KING'S ROAD THEATRE, 352 7488. Evenings 8.00. Mat. Wed. and Sat. 3.00.  
The ROCKY HORROR SHOW.  
LONDON PALADINUM, 01-437 7272. Evenings 8.00. Mat. Wed. and Sat. 3.00.  
The SUPREMACY OF PETER WILSON. Karen Jackson and John Wood. Box Office open. BOOK NOW.

## TV/Radio

### BBC 1

Indicates programmes in black and white.  
6.40-7.55 a.m. Open University.  
10.45 For Schools. Colleges.  
12.35 p.m. On the Move. 12.45 News. 1.00 Pebble Mill. 1.45 Chigley. 2.00 Children's Wardrobe. 3.30 Regional News for England (except London). 3.58 Play School (as BBC2 11.00 a.m.). 4.20 Heads and Tails. 4.30 The Mole, as a Photographer. 4.40 La-La-Lympics. 5.00 John Craven's Newsworld. 5.05 Blue Peter. 5.35 Ludwigs. 6.40 News. 6.55 Nationwide (London and South-East only).

6.50 Nationwide. 7.00 Tomorrow's World. 7.25 Top of the Pops. 7.40 Wildlife. 8.00 News. 8.30 Happy Ever After. 9.00 News. 9.25 Ronnie Corbett's Thursday Special. 10.10 The Prince of Wales. Patron of the Royal Anthropological Institute presents Face Values. 11.00 Weather. 11.31 Tonight. By Election. Special from the count at Glasgow Gardens. 11.45-12.30 a.m. Regional News. All Regions as BBC-1 except at the following times:— 12.45-1.00 a.m. p.m. Mr. Benn. 1.40 Crystal Traps and Allstars. 4.45-5.00 Tren Scorch. 5.05 Wales Today. 6.20 The Students' Prince. The Prince of Wales visits Atlantic College, St. Donata, 6.45

Headline. 7.10-7.20 Tom and Jerry. 8.05 Rygby: West Wales Cup Final. 8.30-9.00 Happy Ever After. 12.40 a.m. News and Weather for Wales. Scotland—5.58-6.20 p.m. Reporting Scotland. 6.30-6.50 Current Account. 12.40 a.m. News and Weather for Scotland. Northern Ireland—5.58-6.20 p.m. Reporting Northern Ireland. 6.30-6.50 Current Account. 12.40 a.m. News and Weather for Northern Ireland. England—5.58-6.20 p.m. Reporting England. 6.30-6.50 Current Account. 12.40 a.m. News and Weather for England. Midlands Today (Birmingham). Points West (Bristol). South Today (Southampton). Spotlight South West (Plymouth).

**BBC 2**  
6.40-7.55 a.m. Open University. 11.00 Play School. 11.45 Open University. 7.00 News on Headlines. 7.25 Choices for Tomorrow. 7.30 Newsday. 8.05 Gardeners' World. 8.30 Living in the Past. 9.00 Law and Order. 10.15 Tennis. Norwich Union Trophy. 10.45 Men of Ideas. 11.30 Late News on 2. 11.45 The Trianon. 11.45-11.50 Closedown. Jill Balcan reads. 11.50-12.00 a.m. The Strong. Saying Nothing by Robert Frost.

**LONDON**  
5.30 a.m. Day Return to Oxford. 10.00 Animated Classics. 10.45 Canada—Five Portraits. 11.35 Spiderman. 12.00 Charlie's Climbing Tree. 12.10 p.m. Rainbow. 12.20 The Child Santa Home. 1.00 News, plus RT index. 1.20 Help! 1.30 Crown Court. 2.00 After Noon. 2.25 The Cress. 2.50 Quick on the Draw. 3.50 The Lullaby. 4.20 Little Rascals. 4.30 The Million Dollar Man. 4.40 The Million Dollar Man. 4.50 The Million Dollar Man. 5.00 The Million Dollar Man. 5.10 The Million Dollar Man. 5.20 The Million Dollar Man. 5.30 The Million Dollar Man. 5.40 The Million Dollar Man. 5.50 The Million Dollar Man. 6.00 The Million Dollar Man. 6.10 The Million Dollar Man. 6.20 The Million Dollar Man. 6.30 The Million Dollar Man. 6.40 The Million Dollar Man. 6.50 The Million Dollar Man. 7.00 The Million Dollar Man. 7.10 The Million Dollar Man. 7.20 The Million Dollar Man. 7.30 The Million Dollar Man. 7.40 The Million Dollar Man. 7.50 The Million Dollar Man. 8.00 The Million Dollar Man. 8.10 The Million Dollar Man. 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Riverside Studios

## Directions to Servants

by B. A. YOUNG

This is said by Shuji Terayama, its author and director, to be inspired by Dean Swift's essay of the same title, and it may well be so, though as I lack any word of Japanese but "sayonara" I found it hard to decide how closely he has relied on the original. Even with the text, which is available in English, Swift's essay included, the argument is not exactly clear.

The theme is that whoever wears the master's shoes becomes the master. There is no master present, but his shoes are, and they are swapped around among the servants to chaotic effect. The production is full of wild invention; there are several Ubuesque machines for such purposes as heating recalcitrant servants, and a variety of theatrical resource is brought into play.

Some scenes are simple enough—the servants who become dogs; the lessons in servant etiquette, delivered in English and then mimed by the company; the subservience to the talking tape-recorder. It is easy to follow the exploits of Dahlia (Keiko Niihata) the girl who wants to go on being master whether she has her shoes on or not. Other matters proved so far beyond my understanding that I gave up the attempt and sought consolation in the movements.

Consolation is hard to find. I looked in vain for the grace of the Kabuki or the dignity of the Noh. I found only restless energy and lack of concentration. There may be business going on centre-stage, and at the same time other, irrelevant movements are to be seen all over the rigging at the back.

I think one must have more



Keiko Niihata

Leonard Brett

familiarity with the conventions of the company, or to know what is going on. I felt as some African villager must have felt their deafening music, a kind of Japanese hard rock, spurs posed to arise from the absence of a master. Unfortunately it is put on by Peter Brook's touring company. I would like to have some insight into the

proceedings, for the Tenjoshiki the whole company wriggles on the stage like maggots on a piece of rotting meat, certainly suggesting the disorder that is supposed to arise from the absence of a master. Unfortunately it is put on by Peter Brook's touring company. I would like to have some insight into the

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## Festival Hall

## Celibidache

by RONALD CRICHTON

The record of Sergiu Celibidache's two London programmes with the London Symphony Orchestra brought a large audience to the Festival Hall on Tuesday. Word had evidently not got round—but if memories needed jogging, the conductor himself cannot be held entirely innocent, declining as he does to make recordings (but willing to broadcast) and staying away from London for so long. One can hardly conceive that he will disappear again for another decade.

The playing, in an evening of Verdi, Hindemith and Prokofiev, was remarkable for total responsiveness and brilliance was memorable for many things, but most of all for constant luminosity of tone and for range of dynamic shading. It happened that the last orchestral concert I had heard, a few days earlier, was in the Vienna Musikverein, an historic, acoustically-reverberant hall. The players then were visitors from Prague, the National Radio Orchestra, conducted by Krombholc. They did not lack warmth (in Dvorak's Water-gate) nor rhythmic vigour (in Janacek's Tomas Brubek) yet their sturdy but leathery performance hardly ever descended below mezzo-forte.

The LSO under Celibidache on Tuesday inhabited a different world. In the Overture to La Forza del destino the texture was so clear, with cellos stroking phrases rather than bawling them, really played, that one had the

impression of a new version. Some of the phrases that occur in the opera in the voice parts languished a little, but in a way not inconsistent with dramatic singers' phrasing.

In Hindemith's Mathis Symphony the "Concert of Angels" movement, which can seem to be the following quest for the shade, did not do this simply because the "Entombment" and "Temptation of Anthony" were so superbly and surely outlined, so profoundly clear in the balance of timbres. There was a hair-raising moment in the "Temptation" when a violin glissando was prolonged after a sharp climax, suddenly stretched out a hand to Berlioz.

For his second half the conductor chose excerpts from Prokofiev's Romeo and Juliet, using five numbers from the familiar First Suite and two from the Second. His view was somewhat (not always) slow, but the speeds were proudly sustained—the young maidens with lilies became Delphic figures in a lunar-dream landscape, Romeo agonised at Juliet's tomb in slow motion. Throughout there were marvels of clarity and beauty obtained by carefully prepared balance—Celibidache has uncommon aural imagination and perception. The chance of a vulgar triumph—his "The Death of Tybalt" at the end was resisted; the weight of tone was certainly so clear, with cellos stroking phrases rather than bawling them, really played, that one had the



Mark Jacoby, Mary Wilkinson and Richard Harrell in the Manhattan School of Music production of "Italian Straw Hat"

## New York Opera

## Campus and Concert

by ANDREW PORTER

New York, without a BBC, without a Camden Festival, without an Opera Rara, without an Oxford, Cambridge, Reading and Bristol within easy reach, is a poorer place for opera than London. But the music colleges do do something. At the Juilliard last month Martin Isopp, director of its opera department, conducted a pretty and touching performance of the Cavalli-Leppard La Calisto, and at the Manhattan School of Music there was a sparkling performance of Nino Rota's The Italian Straw Hat.

John Crosby is both president of the Manhattan School and director of the Santa Fe Opera (perhaps the nearest thing to Glyndebourne that America has). Costumes and production for the Rota came from Santa Fe. Crosby himself conducted; Lou Galanter, one of America's ablest opera producers, put the students through deft, accomplished paces. The opera is a romp and musically quite undemanding, but it is better and more adventurous—works by Bizet, Offenbach, and Wolf-Ferrari remain unreviewed there is no need for any regular company to contemplate it. But it makes a good student exercise, having many effective small roles, and it provided a merry evening.

The Juilliard maintains a deliberately "professional" atmosphere; the Manhattan has more of the exhilarating feel of a music school, and I have enjoyed many shows there. Königlicher, Paul Bunyon, I quattro rustici. The building, uptown near Columbia University and Riverside Church, used to house the Juilliard before it moved to Lincoln Center, and in those days it became celebrated for such things as Jenufa and Elegy for Young Lovers, directed by Christopher West. Manes, another music college, put on a very pretty Tolzani last season, when Rhea Stevens was its president. But now Miss Stevens has resigned, and the opera department has contracted.

Concert opera also helps to fill the gaps, and the chief provider is Eve Queler, conductor of the Opera Orchestra of New York, which performs in Carnegie Hall. Thanks to her, I have heard, with grand international casts, such things as Francesca da Rimini (Kabalewski), Domingo, Le Cid (Bunbury, Domingo), Edgar (Scott, Borgonzi), Cinema di Verga (Cavalli), and I Lombardi (Scott, Carreras). This season she began with Oberon. Roberta Knia was to have made her New

## Record Review

## Words and Music

by ELIZABETH FORBES

Jessye Norman. Songs by Duparc, Poulenc, Ravel, Satie/Baldwin. Philips. 9500 356. £3.99

Elena Obraztsova. Arias by Bizet, Cilea, Mascagni, Saint-Saens, Verdi/Philharmonia/Patane/Suppletion. HMV ASD 3459. £3.99

Peter Anders. Arias by Flotow, Lortzing, Mozart, Nicolai. Wehrer Telefunken. AJ 64232. £2.75

The Art of Jussi Björling. HMV. RLS 715 (3 discs). £7.50

Jose Carreras. Arias by Donizetti, Puccini, Rossini, Verdi. Philips 6688 333. £2.45

Nicola Gedda. Arias by Adam, Gounod, Lalo, Massenet, Thomas/French National Radio Orchestra—side 6 of Massenet, Wertheim/Orchestre de Paris/Prêtre. HMV SLS 5105. (3 discs). £3.95

Sutherland and Pavarotti. Duets by Bellini, Donizetti, Verdi/National Philharmonic/Bonyage, Decca SXL 6822. £3.99

"I never learn words except in combination with notes. For me, words and music make up a single entity." So wrote Jussi Björling in his autobiography, and this heterogeneous collection of recital records charts the degree to which various singers follow the great Swedish tenor's example in fusing words and music into one structure. Jessye Norman, in her recital of French songs for Philips, occasionally sacrifices verbal clarity to sumptuous tone, but in two settings by Duparc of staidly poetic poems, "La vie antérieure" and "L'invitation au voyage," she achieves an excellent balance between the rival demands of poet and composer.

Ravel's *Deux mélodies hébraïques* introduce an appropriate touch of harshness to the singer's timbre without disturbing the vocal line while in Poulenc's settings of Apollinaire she points the texts with just the right mixture of irony and sentiment. "Montparnasse" and "La Grenouillère" evoke the Paris pictured by so many writers and painters with especial felicity. The Satie songs lack something in subtlety, though "Le chapelier"—Alice's Mad Hatter—has the proper air of inconsequence and "Je te veux," with its haunting Waltz tune, is beautifully shaped. Dalton Baldwin, Jessye Norman's

devoted pianist, scores highest in Poulenc and Satie.

Elena Obraztsova's operatic recital from HMV should help to alleviate the disappointment that the cancellation of her appearances at Covent Garden has caused. Though here diction is not always clear, her dramatic involvement cannot be doubted of for a second. As the Princess in *Adriana Lecouvreur*, as Santuzza,

is equally admirable. On the other side, lighter pieces from Lortzing's *Undine* and Zor and *Zimmermann*, sentimental effusions from Martha and *Die lustigen Weiber von Windsor* give much pleasure while Max's "Durch die Weiden" from *Der Freischütz* underlines the extent of our loss.

The Art of Jussi Björling covers two-thirds of his career, Gounod's *Roméo et Juliette*—Romeo was his favourite stage role.

The five good-sized chunks in Jose Carreras's operatic recital derive from complete Philips sets; taken together they provide a good idea of the Spanish tenor's enviable gifts and abilities. Leicester's aria from Rossini's *Elisabetta, regina d'Inghilterra* illustrates the flexibility of his voice; Edgardo's final scene from Lucia di Lammermoor serves as an example of expressive pathos. On the Verdi/Fucini side of the disc, Carreras's outburst from *Il corsaro* are really too heavy for a lyric tenor, but Jacopo's "Non maledirli" from *I due Foscari* and Cavaradossi's "E lucevan le stelle" are both stylishly sung.

Two reissues of HMV's nine-year-old *Werther*, with Nicolai Gedda in the title role, now has the added attraction of a French operatic recital on the last side. Recorded in 1963, these arias find the Swedish-Russian tenor in his freshest voice. He dispatches Chippoulet's show-piece from *Le Postillon de Longumeau* with exuberant ease and this Wilhelm Meister's melancholy utterances from *Mignon* with gentle tenderness. The excerpts from *Mireille* and *Le Roi d'Ys* are also vividly sung. In view of the varied expanse with which he manages to colour Werther's exquisitely gloomy meditations in the complete set, it is hardly surprising that his elegant account of Des Grieux's arias from *Manon* should breathe a similar sensitivity.

Joan Sutherland, though she cannot be said to subscribe to the dictum that "words and music make up a single entity," is in good voice on the Decca disc of operatic duets which she shares with Luciano Pavarotti. The three *Traviata* excerpts lack tension, but in the love scene from *Otello* Miss Sutherland reminds us that she was once a fine Desdemona. The final scene from *Aida* is effective, while the tenor's ready tone and neat phrasing impart distinction to the duet from Bellini's *Sonnambula*. The excerpt from the first act of *Linda di Chamounix*, with both singers at their best, illustrates the reason why Donizetti's shares are standing so high at present in the operatic stock market.



Joan Sutherland and Luciano Pavarotti

## Traverse, Edinburgh

## The Slab Boys

by MICHAEL COVENEY

It is rare for a new playwright to follow an initial success with a second play of rich and contrasting accomplishment. Yet this is precisely the achievement of John Byrne, a Scottish artist and writer whose *Writer's Cramp* was the hit of last year's Edinburgh Festival fringe. This piece, an inspired revue documenting the rise to failure of an obscure man of letters, combined in a Glasgow carpet factory. The year is 1937; they smoke Woodbines, wear thick-soled shoes and brown overalls spattered with paint. A poster of James Dean supervises their activities which amount to doing as little work as possible and playfully insulting the stream of intruders from the design room. The intruders include a jumped-up *saftler* hiding behind a smokescreen of bogus military credentials; a skinny, sexy female sketcher who may

not go with one of them to the staff dance (or "stafie"); and a bulky, semi-retired graduate from their own ranks who has "been given a desk" and is therefore caught uneasily between their scorn and his new responsibility.

The three slab boys are splendidly differentiated, and it is fascinating to see how Mr. Byrne manages to present them as fully-rounded characters while maintaining his individualistic style of astringent, critical humour. Phil (Billy McColl) is the leader of the pack, an anti-mated nihilist with a sardonic mother and ideas of going to art

college; Spanky (Jim Byars) is a lumbering dolt with a credulous smirk and large girth; and Hector (Pat Doyle) is a small, bespectacled worm who turns, after being subjected to some hilarious humiliation in which he loses his clothes and half an ear, into the management's candidate for success.

There is also a new boy, Alan, who arrives to soak up the atmosphere in a blazer before progressing to higher things in the firm. As played by the excellent Freddie Boardley, Alan is the kind of person who apologises before he succeeds. Needless to say, he gets the girl.

## NOTICE OF REDEMPTION

To the Holders of

## The Broken Hill Proprietary Company Limited

10% Debentures Due 1990

Issued under Indenture dated as of May 1, 1975

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the above-mentioned Indenture, U.S. \$25,000 principal amount of the above described Debentures have been selected for redemption on May 1, 1978, through operation of the Sinking Fund, at the principal amount thereof, together with accrued interest to said date, as follows:

## DEBENTURES OF U.S. \$1,000 EACH

1	1323	2412	3468	4413	5433	6291	7284	8837	10117	11548	12734	14177	15199	16268	17573	18878
2	1327	2416	3472	4417	5437	6295	7288	8841	10121	11552	12738	14181	15203	16272	17577	18882
3	1331	2420	3476	4421	5441	6299	7292	8845	10135	11566	12742	14185	15207	16276	17581	18886
4	1335	2424	3480	4425	5445	6303	7296	8849	10139	11570	12746	14189	15211	16280	17585	18890
5	1339	2428	3484	4429	5449	6307	7300	8853	10143	11574	12750	14193	15215	16284	17589	18894
6	1343	2432	3488	4433	5453	6311	7304	8857	10147	11578	12754	14197	15219	16288	17593	18898
7	1347	2436	3492	4437	5457	6315	7308	8861	10151	11582	12758	14201	15223	16292	17597	18902
8	1351	2440	3496	4441	5461	6319	7312	8865	10155	11586	12762	14205	15227	16296	17603	18906
9	1355	2444	3500	4445	5465	6323	7316	8869	10159	11590	12766	14209	15231	16300	17607	18910
10	1359	2448	3504	4449	5469	6327	7320	8873	10163	11594	12770	14213	15235	16304	17611	18914
11	1363	2452	3508	4453	5473	6331	7324	8877	10167	11598	12774	14217	15239	16308	17615	18918
12	1367	2456	3512	4457	5477	6335	7328	8881	10171	11602	12778	14221	15243	16312	17619	18922
13	1371	2460	3516	4461	5481	6339	7332	8885	10175	11606	12782	14225	15247	16316	17623	18926
14	1375	2464	3520	4465	5485	6343	7336	8889	10179	11610	12786	14229	15251	16320	17627	18930
15	1379	2468	3524	4469	5489	6347	7340	8893	10183	11614	12790	14233	15255	16324	17631	18934
16	1383	2472	3528	4473	5493	6351	7344	8897	10187	11618	12794	14237	15259	16328	17635	18938
17	1387	2476	3532	4477	5497	6355	7348	8901	10191	11622	12798	14241	15263	16332	17639	18942
18	1391	2480	3536	4481	5501	6359	7352	8905	10195	11626	12802	14245	15267	16336	17643	18946
19	1395	2484	3540	4485	5505	6363	7356	8909	10199	11630	12806	14249	15271	16340	17647	18950
20	1399	2488	3544	4489	5509	6367	7360	8913	10203	11634	12810	14253	15275	16344	17651	18954
21	1403	2492	3548	4493	5513	6371	7364	8917	10207	11638	12814	14257	15279	16348	17655	18958
22	1407	2496	3552	4497	5517	6375	7368	8921	10211	11642	12818	14261	15283	16352	17659	18962
23	1411	2500	3556	4501	5521	6379	7372	8925	10215	11646	12822	14265	15287	16356	17663	18966
24	1415	2504	3560	4505	5525	6383	7376	8929	10219	11650	12826	14269	15291	16360	17667	18970
25	1419	2508	3564	4509	5529	6387	7380	8933	10223	11654	12830	14273	15295	16364	17671	18974
26	1423	2512	3568	4513	5533	6391	7384	8937	10227	11658	12834	14277	15299	16368	17675	18978
27	1427	2516	3572	4517	5537	6395	7388	8941	10231	11662	12838	14281	15303	16372	17679	18982
28	1431	2520	3576	4521	5541	6399	7392	8945	10235	11666	12842	14285	15307	16376	17683	18986
29	1435	2524	3580	4525	5545	6403	7396	8949	10239	11670	12846	14289	15311	16380	17687	18990
30	1439	2528	3584	4529	5549	6407	7400	8953	10243	11674	12850	14293	15315	16384	17691	18994
31	1443	2532	3588	4533	5553	6411	7404	8957	10247	11678	12854	14297	15319	16388	17695	18998
32	1447	2536	3592	4537	5557	6415	7408	8961	10251	11682	12858	14301	15323	16392	17699	19002
33	1451	2540	3596	4541	5561	6419	7412	8965	10255	11686	12862	14305	15327	16396	17703	19006
34	1455	2544	3600	4545	5565	6423	7416	8969	10259	11690	12866	14309	15331	16400	17707	19010
35	1459	2548	3604	4549	5569	6427	7420	8973	10263	11694	12870	14313	15335	16404	17711	19014
36	1463	2552	3608	4553	5573	6431	7424	8977	10267	11698	12874	14317	15339	16408	17715	19018
37	1467	2556	3612	4557	5577	6435	7428	8981	10271	11702	12878	14321	15343	16412	17719	19022
38	1471	2560	3616	4561	5581	6439	7432	8985	10275	11706	12882	14325	15347	16416	17723	19026
39	1475	2564	3620	4565	5585	6443	7436	8989	10279	11710	12886	14329	15351	16420	17727	19030
40	1479	2568	3624	4569	5589	6447	7440	8993	10283	11714	12890	14333	15355	16424	17731	19034
41	1483	2572	3628	4573	5593	6451	7444	8997	10287	11718	12894	14337	15359	16428	17735	19038
42	1487	2576	3632	4577	5597	6455	7448	9001	10291	11722	12898	14341	15363	16432	17739	19042
43	1491	2580	3636	4581	5601	6459	7452	9005	10295	11726	12902	14345	15367	16436	17743	19046
44	1495	2584	3640	4585	5605	6463	7456	9009	10299	11730	12906	14349	15371	16440	17747	19050
45	1499	2588	3644	4589	5609	6467	7460	9013	10303	11734	12910	14353	15375	16444	17751	19054
46	1503	2592	3648	4593	5613	6471	7464	9017	10307	11738	12914	14357	15379	16448	17755	19058
47	1507	2596	3652	4597	5617	6475	7468	9021	10311	11742	12918	14361	15383	16452	17759	19062
48	1511	2600	3656	4601	5621	6479	7472	9025	10315	11746	12922	14365	15387	16456	17763	19066
49	1515	2604	3660	4605	5625	6483	7476	9029	10319	11750	12926	14369	15391	16460	17767	19070
50	1519	2608	3664	4609	5629	6487	7480	9033	10323	11754	12930	14373	15395	16464	17771	19074
51	1523	2612	3668	4613	5633	6491	7484	9037	10327	11758	12934	14377	15399	16468	17775	19078
52	1527	2616	3672	4617	5637	6495	7488	9041	10331	11762	12938	14381	15403	16472	17779	19082
53	1531	2620	3676	4621	5641	6499	7492	9045	10335	11766	12942	14385	15407	16476	17783	19086
54	1535	2624	3680	4625	5645	6503	7496	9049	10339	11770	12946	14389	15411	16480	17787	19090
55	1539	2628	3684	4629	5649	6507	7500	9053	10343	11774	12950	14393	15415	16484	17791	19094
56	1543	2632	3688	4633	5653	6511	7504	9057	10347	11778	12954	14397	15419	16488	17795	19098
57	1547	2636	3692	4637	5657	6515	7508	9061	10351	11782	12958	14401	15423	16492	17799	19102
58	1551	2640	3696	4641	5661	6519	7512	9065	10355	11786	12962	14405	15427	16496	17803	19106
59	1555	2644	3700	4645	5665	6523	7516	9069	10359	11790	12966	14409	15431	16500	17807	19110
60	1559	2648	3704	4649	5669	6527	7520	9073	10363	11794	12970	14413	15435	16504	17811	19114
61	1563	2652	3708	4653	5673	6531	7524	9077	10367	11798	12974	14417	15439	16508	17815	19118
62	1567	2656	3712	4657	5677	6535	7528	9081	10371	11802	12978	14421	15443	16512	17819	19122
63	1571	2660	3716	4661	5681	6539	7532	9085	10375	11806	12982	14425	15447	16516	17823	19126
64	1575	2664	3720	4665	5685	6543	7536	9089	10379	11810	12986	14429	15451	16520	17827	19130
65	1579	2668	3724	4669	5689	6547	7540	9093	10383	11814	12990	14433	15455	16524	17831	19134
66	1583	2672	3728	4673	5693	6551	7544	9097	10387	11818	12994	14437	15459	16528	17835	19138
67	1587	2676	3732	4677	5697	6555	7548	9101	10391	11822	12998	14441	15463	16532	17839	19142
68	1591	2680	3736	4681	5701	6559	7552	9105	10395	11826	13002	14445	15467	16536	17843	19146
69	1595	2684	3740	4685	5705	6563	7556	9109	10399	11830	13006	14449	15471	16540	17847	19150
70	1599	2688	3744	4689	5709	6567	7560	9113	10403	11834	13010	14453	15475	16544	17851	19154
71	1603	2692	3748	4693	5713	6571	7564	9117	10407	11838	13014	14457	15479	16548	17855	19158
72	1607	2696	3752	4697	5717	6575	7568	9121	10411	11842	13018	14461	15483	16552	17859	19162
73	1611	2700	3756	4701	5721	6579	7572	9125	10415	11846	13022	14465	15487	16556	17863	19166
74	1615	2704	3760	4705	5725	6583	7576	9129	10419	11850	13026	14469	15491	16560	17867	19170
75	1619	2708	3764	4709	5729	6587	7580	9133	10423	11854	13030	14473	15495	16564	17871	19174
76	1623	2712	3768	4713	5733	6591	7584	9137	10427	11858	13034	14477	15499	16568	17875	19178



Thursday April 13 1978

## A sceptical market

THE GILT-EDGED market has been thin and uneasy for some time past, and its first reaction yesterday to the monetary implications of Mr. Healey's latest Budget proposals was not favourable: long-dated stocks closed at the bottom, 11-12 points lower on the day. This first reaction is not necessarily significant, but it reflects a fairly widespread scepticism about one particular sentence in the Budget speech, namely that "I see no difficulty in financing the PSBR for 1978-79 consistently with the new monetary guideline of 8 to 12 per cent."

This new guideline itself slightly below that for the year just ended, is acceptable enough if it is observed. The fact that the 1977-78 guideline was not quite observed may have had some influence on financial opinion, but the failure was largely due to the influx of foreign funds and the figures for recent months—especially the last—have been much better. Setting a target for 12 months ahead, moreover, is an operation that asks for trouble, and the new system of re-assessment every six months is much to be preferred; the change, according to the Treasury, "in no way alters the Government's determination to maintain firm control over the money supply."

### Financing

Mr. Healey may have gone rather far in suggesting that, if the struggle against inflation went as he hoped, it would be appropriate to consider reducing the target in the autumn. He made it clear in his speech that the main influence on the rate of inflation in the coming year would be the size of pay settlements, which he is hoping to reduce by half, and even if he gets more co-operation from the TUC and union leaders than yesterday's statement suggests, the results will certainly not be apparent by the autumn. In the same way, the hope that interest rates would fall later in the year as progress in the struggle against inflation becomes apparent, probably seems a little too vague, of faith in his proposals. But it is not surprising that the market is reorganising itself.

But the real problem is that of financing a PSBR which at point rise will turn out to be £8.5bn. was at the very top end enough.

## Reorganising electricity

IT IS ironic that the Commons select committee hearings on the Bill to reorganise the electricity supply industry—which began yesterday and are the first of this kind to have been held on draft government legislation—should have come about by chance rather than as a result of a considered change in Parliamentary procedure.

The question of giving similar treatment to all draft Bills is currently being discussed by a Parliamentary committee on procedure. But the initiative for the present hearings was taken by the select committee for the nationalised industries, fresh from its investigations of British Steel. It did so when Mr. Wedgwood Benn, the Energy Secretary, decided to publish his Bill once it had become apparent that, because of Liberal and Conservative opposition, there was no chance of the measure getting through the present Parliamentary session.

Besides being an interesting experiment, the hearings could be useful in themselves for Mr. Benn's proposals have aroused controversy on both sides of the industry as well as at Westminster. The criticisms range over various points but the central issue has been one of organisation: how should the industry be structured so as to combine strong leadership in strategic matters with the greatest practical devolution of authority in operational matters.

### Direction

The Plowden committee, which inquired into the industry in 1974-76, felt that the main weakness of the present federalised structure was the lack of strong central direction. It proposed that the industry be unified, with the generating board and the area boards now responsible for distribution being absorbed into a single corporation. The committee recognised the dangers of excessive centralisation but argued that having decided in favour of a structure favouring central direction on strategic matters, it was pointless to frustrate that central authority for fear it might be misused. As safeguards, however, it suggested that the corporation

of expectations. The outcome may turn out to be lower than the estimate, though the main factors that made for last year's considerable undershooting will not be at work this year. The Government may be able to borrow more from companies on tax certificates and from persons on the new savings certificate—the terms of which may cause a rush to buy the issue it will replace. There is unlikely to be pressure on the money supply from an influx of foreign funds but, on the other hand, companies are likely to be making larger demands on the banks and other financial institutions. Even if the Chancellor is right in reckoning that gilt sales will have to be on much the same scale as last year, conditions will be considerably less favourable.

### Imported goods

Experience has shown how difficulties in selling stock to the public can exacerbate themselves. They are also easily capable of shaking confidence in the Government's intentions (especially in an election run-up) and in pushing down the sterling exchange rate. The greatly reduced official estimate of the balance of payments surplus for this year, difficulties with the TUC and the CBI over wage and price restraint, and any recovery in the dollar may work in the same direction, since the Government's forecasts assume that the exchange rate is determined "primarily" by market forces.

Any marked fall in the exchange rate will put up the price of imported goods, whether raw materials or manufactured, and feed gradually through into domestic costs and the demand for pay increases. And these risks will become more serious if, as the result of some agreement on joint action in July to stimulate world trade, Mr. Healey decides that another mini-Budget is in order. He was prudent to let the Bank of England raise MLR on Tuesday and avoid the danger that a market-induced rise on Friday would seem to symbolise a lack of faith in his proposals. But it is not surprising that the market is reorganising itself.

But the real problem is that of financing a PSBR which at point rise will turn out to be £8.5bn. was at the very top end enough.

These proposed safeguards fall a little short of the critics, including apparently Mr. Benn himself since, in his draft Bill, he has retained the power of appointing the chairman and members of the corporation's subsidiary (but non-statutory) boards for generation and local distribution. This proposal has in turn been heavily criticised for making the task of the corporation's main board difficult, if not wholly impossible.

### Weakness

The issues that are involved here have recurred constantly since the industry was nationalised 30 years ago and, indeed, are not unfamiliar in electricity supply industries abroad. The basic questions to be decided are, first, whether central direction is necessary, and if it is how that direction should be accommodated. If there is no case for central direction over the whole industry, as some would argue, then one possible structure might be a small number of power boards organised on a geographical basis as a decentralised responsible for generation and distribution but coming together in a joint subsidiary to run the grid.

The Plowden committee argued that central decisions were needed on matters like financial planning, investment, tariff policy, and dealings with government and also for monitoring efficiency within the industry. The industry's initial structure in 1947 was overly centralised, while the changes made in 1957 went too far in the federal direction, the committee felt. Its own proposals represented an attempt to find the middle ground, as were the variants proposed by the Herbert committee in 1955, the Labour Government in 1970, and now by Mr. Benn. The weakness that all these proposals, including possibly Plowden's, share however is the failure to guard sufficiently against the strong centralising influence that is exerted in most nationalised industries by Ministerial control and Parliamentary accountability.

# Car components: a conflict of criteria



Count Lambdorff, German Economics Minister, has the last word on the agreement for GKN's purchase of control over Sachs, signed with a flourish in 1976 by Mr. Barrie Heath, GKN Group chairman, behind the bags, and Herr Gunter Sachs.

FOR SEVERAL years, European motor manufacturers have been talking about the need for a more rationalised components industry. In France, Renault has prompted the Government to encourage the creation of larger groups. In Italy, Fiat has begun to urge the EEC to follow a similar strategy on a Continental scale. In Britain, the authorities have allowed a series of mergers and U.S.-dominated takeovers to change the face of the industry in the last 15 years. Yet one of the most far-reaching moves towards a more integrated structure for the industry, the proposed merger between GKN, of Britain and Sachs of Germany, has been turned down by the German Supreme Court.

GKN, which already has two years of bickering in the German courts behind it, is now seeking to reverse this decision with an appeal to the West German Economics Minister. The text of the Supreme Court judgment has not yet been published. But it has sent a tremor through the British and Continental components industries, where it is suspected that the court was swayed by GKN's position as a major force in that industry, rather than by fears of product monopoly. That would imply that GKN, or any other group of similar size in the industry, would be hard put to it to buy another components business in West Germany.

In the short term, this clearly creates a major strategic problem for GKN, which for the last two years has concentrated its major expansionary thrust on West Germany and the Sachs takeover. The British company, though already represented in West Germany by Uni-Cardan, had been aiming to consolidate its position in the biggest producing zone in Europe (4m. vehicles in 1977 against 1.7m. in Britain), and with a company which has strong links in markets like Brazil where GKN is not so well established.

In the longer term, however, the decision could affect every component manufacturer in Europe, because it casts doubt on how far rationalisation will be allowed to go. For instance, there have been suggestions that the recent Lucas bid for outright control of Duesler in France, in which the British company previously had 30 per cent, will now be treated warily by the French Government; in Germany the court ruling could bring about a much more cautious approach to large-scale international takeovers.

If this restrictive attitude towards rationalisation hardens, it will bring with it a major change in the direction of the European components industry. For the last 20 years, this section of the industry has been allowed to reorganise and regroup itself

with very little interference from the authorities.

In both Britain and Germany, a large number of companies have been taken over by the American component groups, among them two of the biggest in the world, TRW and ITT. There has been virtually no opposition to these takeovers in Britain—indeed, the Government has actively encouraged U.S. companies to invest in Britain—and until the GKN decision, the West German authorities seemed to be operating a policy of at least benign neglect. Alfred Teves, for example, the German brake manufacturer, fell into the hands of ITT ten years ago, although it is a larger company than Sachs and has an equally dominant position in its own particular sector.

British component companies could lose particularly heavily from any change of European merger policy because they have been by far the most aggressive force in the European industry in recent years. Lucas, GKN and Associated Engineering have developed substantial manufacturing facilities on the Continent, and can all count themselves within the top ten world component companies outside the U.S. Along with Chloride, the automotive battery concern, this group of manufacturers is equally as powerful as the top West German companies, Bosch, ZF and Teves (which, in any case, is a subsidiary of ITT).

Expansion on the Continent came about as the opportunities for growth in the traditional imperial markets began to decline. As British Leyland weakened, and Ford drew back from the former colonies to concentrate on Europe, the component companies saw the need to hitch themselves to other, more vigorous producers. They found the opportunity in

Europe, where vehicle production in the early 1960s—with West Germany already well ahead of Britain—was beginning to catch up in France and Italy as well.

GKN's bid for Sachs was the latest significant move in this process of building integrated pan-European companies. The British group already has a presence in Germany through its Uni-Cardan subsidiary which makes the joints and transaxles for front-wheel drive cars. But by taking over Sachs it would also have moved into the German clutch and shock absorber markets in a big way. Sachs is reckoned to supply about 70 per cent. of all the German vehicle manufacturers' clutch requirements.

It is on this question of size that many motor companies in Europe part company with the German decision. They believe that there is a great need for larger component groups operating on a Europe-wide basis, and for this reason they would have liked to see a GKN-Sachs merger.

This feeling could be criticised on the grounds that bigger companies could well mean larger monopolies. But this is by no means an obvious case. Several component companies already have highly dominant positions in their national markets: in the electrical and electronic business, for example, Lucas and Bosch have a commanding lead in the U.K. and Germany respectively. In clutches, Automotive Products in the U.K. mirrors Sachs' position in Germany. The German brake industry is dominated by Teves in Germany, and shared out between Girling (a Lucas subsidiary) and AP in the U.K. And in Italy, Fiat dominates many areas.

It is at least conceivable that these national monopolies would

be loosened by the establishment of larger, pan-European companies. In the GKN-Sachs case, for example, the British company would have been in a good position to attack AP's base in the U.K. with the injection of Sachs' technology into its own clutch-making subsidiary, Laycock. Similarly, Teves' competitive development overseas in the last few years, which has led to the establishment of a plant in the U.K. and a new distribution tie-up with Quinton Hazell, has undoubtedly been encouraged by its links with ITT.

## Monopoly question

If these kind of developments continue, the real monopoly question will become one of a particular company's position in Europe as a whole, rather than in any one country.

In the meantime, most motor companies want to see further rationalisation because they believe that companies operating on a European scale are best equipped to answer their needs. These needs are of two kinds—first, to develop a structure capable of producing cheaper components; and second, to establish supplier companies which have independent financial and managerial resources.

The first point has been made emphatically by a number of vehicle manufacturers in recent years. Indeed, the desire to reduce component costs lies behind much of the talk between car producers on collaborative manufacturing ventures. If the European industry is to compete with its rivals in Japan and the U.S., however, the vehicle producers believe that this process must be carried further among

the component manufacturers as well. At the back of their minds, all the European producers fear the competitive threat of America, with its enormous vehicle market and its highly rationalised industry grouped around three main vehicle manufacturers. These factors have led to component standardisation on a scale as yet virtually unknown in Europe. General Motors, for example, has refined the techniques of standardisation to such a degree, especially in its latest range of smaller cars, that it has interchangeable parts between different model lines, even down to sheet metal.

The creation of larger component companies would, in some way towards increasing standardisation in Europe. They would have more capacity to produce at the greater volumes required; and they would also be in a better position to develop suitable designs for a range of vehicle manufacturers.

These requirements demand, in turn, component companies with substantial resources. One acute need is for manufacturers with good research and development facilities. Vehicle producers are highly stretched themselves at present because of the requirements for greater fuel economy and lower emissions. At the same time, a new era of technology, both in materials and electronic control devices, is coming. "When electronics come on I don't see vehicle designers being able to allocate enough research and development finance to make it worth their while," says Mr. Jeffrey Wilkinson, director and general manager of Lucas Electrical. "Therefore they will have to look to suppliers like ourselves."

The other need is for European component companies which have the financial muscle to stand up to the big American-

based multinationals. The U.S. companies are already more fully-fledged multinationals than their European counterparts in the sense that they have strong manufacturing entities on both sides of the Atlantic. They are now using these resources to transfer European technology back to their American base and assist the switch towards smaller cars. The European component manufacturers have noted this trend and are now going after the U.S. business themselves. But as the names of the companies that are investing in America—Imple-Bosch, Lucas, GKN, Teves, Associated Engineering, Automotive Products—only the larger groups that can afford it. These are the businesses which have well-established relationships with the big three American vehicle manufacturers through their activities in Europe. They also have the overall financial muscle to take on one of the most competitive markets in the world.

One of the issues for the German Economics Minister, Count Otto Lambdorff, in the GKN appeal, is this issue of competition with the big U.S. multinationals. It could be argued that Sachs would be in a much better position to compete in the U.S. if it were part of the GKN group. If this were so, the deal could be said to be in Germany's economic and public interest—the grounds upon which he will decide the appeal. Against this, he has to weigh the question of the overall health of the German and European components industry. There is a strong argument for saying that the best approach would be to allow Sachs to develop as an independent German-based company with its own multinational business. This solution could prevent the creation of another large power block in the German components industry, maintain the possibility of increasing competition against it, and give scope for increasing competition within the rest of Europe.

This argument, however, begs the question of whether Sachs would ever be in a position to grow on an international scale as an independent enterprise. Many observers in Germany believe that it needs an injection of outside talent, managerial skills, and new funds to realise its full potential. On this account a merger with a more powerful entity would be the right solution.

As the GKN-Sachs issue shows, these questions are now moving into a European scale. This is a merger in which national monopoly problems come together with the debate over rationalising the industry within the EEC through transnational mergers. Count Lambdorff's decision may therefore have a considerable influence on how far this trend is allowed to develop within the Community.

## MEN AND MATTERS

### Kensington

#### Kremlin furore

Soviet leader Leonid Brezhnev may feel quite preoccupied already, what with the Middle East, Africa, and the neutron bomb debate. He should be warned that he must now contend with the wrath of the Kensington Society as well. This is no light matter, as is certain to be demonstrated next Tuesday at a mass meeting to protest against the designs of an anonymous Moscow architect for a massive new embassy development in the very heart of the Royal Borough. On the platform will be a powerful array of baronets, knights and other local notables, all united in outrage at the idea of a tower block surrounded by a Kremlin-like wall "some 50-60 feet high" at the southern end of Kensington Church Street.

Patron of the society is Princess Alice, the president is Lord Balfour of Inchrye and the vice-president is the Dowager Marchioness of Cholmondeley. I could go on, but it must already be plain to Brezhnev that he has a real battle on his hands.

The contested site is a former barracks close by Kensington Palace. The Soviet diplomats' home-from-home is planned to include 60 flats, a school, gymnasium, swimming pool, sauna bath and a theatre—all behind the wall. But when I spoke to the embassy yesterday, a spokesman made it plain that the Russians feel decidedly more sinned against than sinning. He said that they were reasonably happy in their existing quarters in "Millionaires Row," but that the Crown Commissioners were the landlords and for some undefined reason had told them to go.

It seems that the tower block scheme had been worked out in close co-operation with the Foreign Office and Kensington's



"If his Budget doesn't work we will be able to do it with five-pound notes!"

planners. The USSR, I was assured, only wanted to do what pleased everyone. So what about that 50-60 foot wall? "18 metres," said the spokesman dubiously. Then he allowed himself a small joke. But surely the Kensington people would like it to write graffiti on? "I said I would put that one to the Kensington Society."

### Right hook

The prospect of a general election is stirring the die-hards to write toots. First in the series of "manifestoes" is The Hidden Face of the Labour Party—a 20-page tabloid newspaper attack on "The unchecked Trotskyist and Communist conspiracy against the Labour Party."

This is due to be circulated from Sunday, but already Tariq Ali's newspaper, Socialist Challenge, has a copy—they describe it as "old hat"—as does the Labour Party. "Pre-election jitters," was how a

spokeswoman there characterised the broadsheet.

Read it and you certainly might think that the only decent democrats left are the likes of Reg Prentice and that Labour has become a revolutionary party.

The broadsheet does not consider Eurocommunism any less obnoxious than the original variety. It seeks to give the Foreign Secretary, Dr. David Owen, a radical tinge by showing him talking to Spain's Santiago Carrillo, though he is hardly loved inside the Kremlin.

When I asked former Tory MP Geoffrey Stewart-Smith why he was publishing it, he told me: "You do not sell Christmas cards on Boxing Day. It is a clear capitalist marketing principle—the public will want it and we will go on updating it until the elections."

Stewart-Smith has been printing anti-Communist material for 13 years and says the things he has been called by the Left are "rollicking." He insists that his group are a tiny team and entirely self-financing. He had put out an eight-page tract before the October, 1974, election and says that his present team of four or five people was recruited after the election. "Some of them are former Labour Party men," he told me, though saying Reg Prentice was not among them.

He is very cheery about the whole project, seeing his work as part of the wholly legitimate rough and tumble of politics. He suggested the Labour Party would do the same "if the National Front had the influence on the Conservatives that the Trotskyists have on the Labour Party."

In 1974 his broadsheet sold at 3p a time. To-day it is 25p a single copy, falling sharply for the bulk orders which candidates in marginal seats might like to buy. Stewart-Smith said: "Four years ago he claims he

sold 150,000 copies and now he is hoping for more. He says he has sent copies to all his "friends on the left," and talked of "my old friends The Morning Star and Tariq Ali." Friends? I asked since he had repeated the word, and he told me that they had a "certain perverse camaraderie for each other."

### Looking askance

Last week I mentioned a group called Action Opportunities which is hot gossiping to teach British Women about their rights under the Sex Discrimination Act. In particular, AO pins its faith in Clause 1 of the Act which specifies various ways in which women can be "treated less favourably" than men. Perhaps its organisers would sympathise with Maria Clemencia Lopez, Charge d'affaires of Venezuela's mission to the UN. She complains about patronising attitudes by the President of the Security Council, whose "gracious" habit is to yield the floor to her by calling on "the charming and beautiful delegate from Venezuela." Ms. Lopez says she does not want any compliments, and questions whether the president would call on "the gallant and handsome delegate from Great Britain." This is perhaps a rather unkind cut at Ivor Richard, not exactly everyone's idea of a matinee idol.

### Long wait

"You used to have blotting paper on the counter," a Hampshire reader said to the postmistress at his local sub-post office, "but I haven't seen any for weeks." "I know," she said. "And I'm not going to put any more out until people stop taking it."

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# A Chancellor too busy to find a role

DENIS HEALEY is a man in a position in which he cannot control either the financial markets or the performance of industry. One would hope that a Chancellor of Mr. Healey's intelligence would at least have sketched some ground rules for the policy of a Chancellor as committed as he is.

In one respect he has done so. A Chancellor, if he follows Mr. Healey's example, must be a diplomat, treating with external powers—notably, fellow members of the OECD, and the trade unions. This is an important matter. Half of his actions to contradict the other and also his words. What one is driven to wonder in a Henry Jamesian fashion, he suppose, in his innermost mind, that he is, as it were, up to?

He is partly a victim of his own economic management is what it was. Monetarism—then it takes the form of a line, which Mr. Healey, at least partly believe, or he grudging admission of a fact official that "you can't see the tapes"—does greatly see the scope for fiscal on. The financial market is a sharp reminder of this.

Mr. Healey has also come to a more modest assessment of even ideal demand management could achieve—an argument in which industry or may not deliver the with which is planned. This sage deserves trumpeting loudly: industry, as reported by the CBI, still seems to be living in a past in which growth rate was settled by Budget.

However, the Chancellor still some role to play in an

objective is not the same thing as a policy—and nor is a policy, if it exists, the same thing as an instrument. Both policies and instruments seem to be lacking.

The first difficulty is to know what fiscal policy is. Mr. Healey has complained that industry has not completed the task of agreeing on standards for realistic accounting in the presence of inflation; but his own department has not even made a start on this task.

The result is totally chaotic.

become an art rather than a science, on which no two practitioners agree.

Even if it were possible to measure the fiscal stance presented in the Budget, it would still not be clear what it would mean. The U.S. authorities have lived quite happily for years with an estimate of a full-employment Budget balance, which gives some measure of underlying fiscal stance. It is not a perfect measure, but it is a good deal more informative than any of the measures available to us.

not relevant is the Chancellor's claim that there is little significant increase in the deficit as a percentage of GDP.

Mr. Healey preaches financial stability; and in any stable system the fiscal deficit, however measured, will fall when growth accelerates. The mirror of this is the difficulty of achieving the monetary target. Mr. Healey is not, of course, the first Chancellor to have generated more heat than movement by treading simultaneously on the accelerator and the brakes. But this is exactly the kind of mistake which a cynically corrected fiscal model, or for that matter Mr. Healey's practical monetarism, ought to warn him to avoid.

The difficulty is not to recognise the mistake—which may or may not be of great magnitude, but whose direction is more or less unarguable—as to be sure why it was made. Cynics will point to electoral pressures; but it is probably also true that a man of the Chancellor's powerful temperament chafes at the apparent constraints on his freedom of action.

It is one thing to recognise in a speech that the Chancellor has very limited powers to steer, rather than simply to stabilise the economy. It is quite another to know it in your bones, and be happy with that knowledge. It is a particularly galling admission for a genuinely Socialist Chancellor faced with high unemployment. Mr. Healey may well have been unable to make it.

The tragic thing is that continued and probably self-defeating attempts to prove that economic management is, after all, still possible distract the



Two chancellors easy to read: Mr. Jenkins and Mr. Barber.

**6 Mr. Healey . . . part politician, part monetarist, part Socialist, part philosopher and part opportunist . . . What is it, one is driven to wonder in a Henry Jamesian fashion, does he suppose, in his innermost mind, that he is, as it were, up to?**

ant recognition of the realities of power, which will probably bind any successor of either major party—though a monetarist who is doctrinally purer than the present Chancellor may find this truth hard to stomach. The Powellite belief that a sufficiently strong monetary policy will render both the unions and foreigners harmless is seductive—until experience teaches better.

To estimate how much any given measure adds to or subtracts from the underlying growth of demand, one must first know how much needs to be done simply to offset the results of fiscal drag. However, fiscal drag on the whole Budget balance—revenue and expenditure—is now almost impossible to estimate. Some items on each side of the account respond to wage movements, with or without an element of drag, some to price movements and some—notably interest payments of fixed-coupon debt—respond only after a long lag. The lines between the important economic categories—planned expenditure, probable expenditure, real and financial transactions, productive investment and subsidy—have become irretrievably blurred. Estimating the effect of the Budget has

in the UK. Yet the Treasury has turned down every request for such an estimate, pleading technical difficulties. A man might as well throw his compass overboard on the grounds that he found it hard to measure its deviation. Some measure—a full employment balance, a high employment balance, or perhaps a trend-growth-rate balance—would be a great deal better than unaided guesswork. If one such measure is thought unreliable, half a dozen others might be encouraged to bloom.

Any measure employed this year would be likely to convey the same message: Tuesday's Budget was de-stabilising. The fiscal deficit seems to have risen according to any meaningful measure, although estimates of the increase can vary widely; but the one measure that is

still more radical proposals of the Meade Committee, which would abolish the whole income-capital distinction. It explains perhaps why in Opposition he can pour scorn on Mr. Barber's proposal to use negative income tax to make redistribution more effective, but adopts exactly the same principle with enthusiasm when it comes to child benefit.

When he took office he called for a wealth tax, which he said would be used quite largely to reduce taxes on high incomes—and on these terms even the CBI and the Institute of Directors have welcomed the principle. The tax proposed was impossibly clumsy and difficult to collect (the Liberals, as so often, have rather more radical and more practical ideas, because they tap the best academic brains rather than the TUC Economic Committee). As a result of this practical blunder, the principle has also been lost. The tax distinction between income and capital is especially misleading in a period of inflation (which is why there has been such a crop of avoidance schemes exploiting it), and it is also unfair and anti-incentive. The reform is difficult and wearing in practical terms; only a strategic determination would push it through, and Mr. Healey seems to lack the necessary vision.

It may explain his failure, under pressure of his anti-inflation programme, to index specific duties, and his more radical failure, in 13 Budgets and mini-Budgets, even to look at the mess his predecessors have made of housing finance, with all its consequences for mobility and investment. This is not a flattering picture of a man who prides himself on taking long-term views; but Mr. Healey is a puzzling man. He would be a formidable one if he had the courage of his convictions; the courage, in his case, is hardly in doubt, but it is much less easy to detect the convictions.

Anthony Harris

## Letters to the Editor

### Oil exploration discouraged

Mr. J. Ward, in his editorial "Benn's move in the House of Commons on April 6 concerning the Government's farm-in policy gave official recognition to practice which the Government has followed for several years. It has been common knowledge in the North Sea oil industry that the Government is unlikely to consent to the issue of a licence interest in British National Oil Corporation is given a preferential right to acquire a portion of the cost of oil or gas wells in the North Sea. This is common knowledge, but somewhat surprisingly, not mentioned by Mr. Benn, is that the Government has demanded that some of the costs attributable to these circumstances be met by either one of the two parties to the farm-in. The price of Government consent to a farm-in has a carried interest for the Government. There is no indication BNOC will ask for less than a 50 per cent interest in the "meaningful operations" referred to by Mr. Benn.

ber, showed that, in 1948, the average net earnings, after deduction of tax and national insurance, of a non-manual worker were 50 per cent higher than those of a manual worker. In 1972, the differential fell to 30 per cent. In five years from 1973 to 1977, it fell to 24 per cent. The comparison is for a married man, contracted into graduated pension, with one child under 11 and one child between 11 and 16, but is much the same for other groups.

This is not really a comparison between manual and non-manual workers. There are highly paid manual workers and poorly paid non-manual workers. It is, in fact, a comparison between the rewards of those who do any job, whether non-manual or manual, which requires years of training without substantial earnings (special skills, initiative, dedication and acceptance of responsibility; and those who do jobs which do not require these qualities.

The figures show clearly that the economic value of such qualities is diminishing with over-increasing speed. This does not bode well for the future of this highly industrialised and technological country. Mr. Healey's budget should be judged by the extent to which it restores these economic values and incentives.

environmental improvements. With a lower return on investment, not many have been willing to put in much of this equipment which is essential for survival, so closures still continue.

Surely we can expect that some foundries will remain, each with a much higher proportion of business, and with selling prices at more economic levels, necessary to provide a sensible return on investment. These foundries will be far more selective and specialising in their processes.

Some likely examples are: automatic mass production plants with very heavy capital investment, very little manual handling of molten metal, raw materials and products, having a relatively low labour force for the large output involved; foundries specialising in narrowly defined casting processes such as pressure, centrifugal or investment casting, again fairly well automated around their particular specialities; and the service foundry, an ultimate and more selective version of the jobbing foundry, specialising in local casting repair and replacement work in small numbers, essential but costly work because it will rely on expensive skilled labour.

This does not mean the elimination of all smaller foundries; but they must carefully decide their course for survival. They may have to seek outside advice for establishing sound management accounting. In order to determine those fields in which they are good and those which should be dropped. The foundries which continue to drift and hope for better times will not be among the few which will survive to share in this large, important and potentially profitable sector of British industry.

400,000 and some part of pension contributions and payments, to present and former directors of £262,514. No doubt by world standards they are underpaid after tax, but even so it is unreasonable to ask that they be required to continue to have a reasonable investment in the company?

I and my wife, have been small shareholders of BP since 1966, have taken up the various rights issues, and added to our holdings in the recent sale of Government-held stock. (We sold a few once to pay school fees, but bought back in later!) I have always had every confidence in the past and present directors, but I would certainly oppose the appointment of any one (other than an RMG nominee) who was not prepared to make a reasonable personal investment in the company.

I fail to see the necessity for the total removal of the qualification. Just as it is reasonable to increase directors' fees, so there may be a case for amending the amount, but in my view such a reduction to, say, 500 shares should specify Ordinary shares, that is, risk capital. Why should shareholders put their trust and investment in the hands of men who are not prepared to put their own money in the company?

It is my intention politely but formally to oppose this particular amendment, but fear that the proxies held by Tom Jackson and Lord Greenhill will carry the day! A. R. A. Wood, 19, Hillwood Common Road, Four Oaks, Sutton Coldfield, West Midlands.

### GENERAL

Polling day in Garscadden by-election (result expected about 1 a.m. to-morrow).

Commonwealth Ministers begin two-day meeting in London on proposed fund to stabilise commodity prices.

National Union of Mineworkers' executive meets.

Prime Minister begins two-day visit to Yorkshire.

European Parliament in session, Luxembourg.

President Ceausescu of Romania continues visit to Washington.

Governing body of International Energy Agency ends two-day meeting in Tokyo.

### To-day's Events

Advisory, Conciliation and Arbitration Service (ACAS) annual report.

Mr. Michael Pocock, chairman, Shell Transport and Trading, speaks on "Risk and Reward in Business" at London Chamber of Commerce lunch, Savoy Hotel, W.C.2.

Sir Peter Vaneek, Lord Mayor of London, and his Sheriffs attend Clothworkers' Company dinner, Clothworkers' Hall, E.C.3.

PARLIAMENTARY BUSINESS

House of Commons: Budget debate continues.

House of Lords: European Assembly Elections Bill, committee.

### COMPANY MEETINGS

Linbury (Ceylon) Tea and Rubber, Great Tower Street, E.C.3.

12. Olives Paper Mill, Charing Cross Hotel, W.C.2, 12.15.

SPECIAL SERVICE

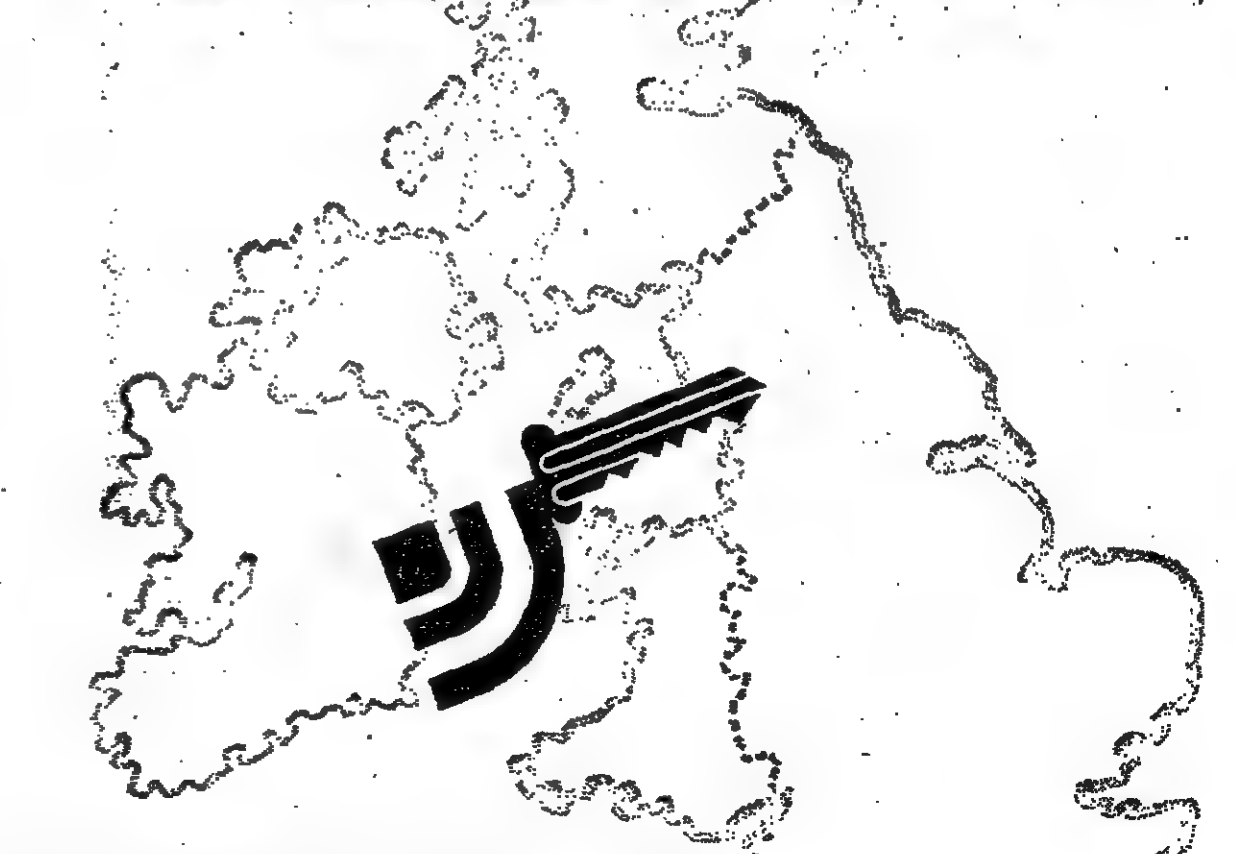
Annual service for Guild of Freeman of City of London, St. Paul's Cathedral (Crypt Chapel), 5.30 p.m.

OPERA

Royal Opera production of Der Freischütz, Covent Garden, W.C.2, 7.30 p.m.

English National Opera perform Force of Destiny (final performance), Coliseum Theatre, W.C.2, 7 p.m.

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### Outlook for foundries

From Mr. D. Liddard

Sir, — In "Outlook for foundries," Mr. D. R. Shipley (April 3), states that management of the majority of foundries in this country are still "uneducated" on the true costs of making their products and are continuing to undercut the price of the "educated" few. For a long time this has been the complaint of the industry and has been one factor contributing to the rapid elimination of foundries.

Between 1955 and 1970, the number of iron foundries in the United Kingdom was declining along a straight line course which, if continued, would mean complete elimination by year 2000. Figures are not so readily available for the other traditional foundry metals, copper and its alloys, but it is thought that the decline in numbers of foundries has been at an even greater rate. The newer casting metals, aluminium and steel, have likewise fallen in numbers but at a lesser rate. This was in the pre-inflation period, so with the lack of costing "education" about which Mr. Shipley complains, numbers will certainly continue to fall, prompted by the far greater rate of change of costs to-day.

The Government, disturbed by the lack of investment in the industry, has made large grants but these are specifically for improving productivity. Investment is even more badly required, however, for environmental control equipment. Such additions add to costs. Because of the intense heat at the point of melting and the movement of hot metal in the foundry, there are special extraction problems— which make equipment very costly and heavy on replacement. Many foundries are still notoriously dirty inside and out; to-day they are unable to attract the skilled labour so essential for their existence. It is regretted that the grants have been available for purely

### Changing BP's articles

From Mr. A. Wood

Sir,—At the 69th annual meeting on May 4 shareholders of British Petroleum are being asked to support a special resolution to alter the articles of association. These changes remove the restriction of British nationality on directors, allow the holding of Board meetings outside England, increase the maximum director's fee from £1,000 to £3,000, require the disclosure of beneficial ownership, and moderate certain minor oddities in the articles.

In addition one proposed change removes the requirement of any shareholding qualification by directors. The report of the directors says that this is "in accordance with modern practice." While this may be so, it seems to me to be the ultimate in authority without responsibility and in my view should be opposed by the shareholders.

An appointment to the Board of BP must be one of the most prestigious directorships in the U.K., Europe and indeed in the world. Surely it is not unreasonable to ask that such appointees should indicate their confidence in the company by investing in it and thereby identifying their interest with that of the shareholders who, theoretically, appoint them. In practice, of course, companies of the size of BP tend to become self-perpetuating oligarchies unless disaster strikes.

The thirteen directors other than the Government nominees are beneficial or family owners of 15,308 Ordinary shares, and receive remuneration of over

### Battery driven

From R. J. Packman

Sir,—The "All-torque" item (April 3) draws attention to the statement—in the Government sponsored report—that the adoption of electric cars is inevitable. Your article goes on to state that precious few funds have gone into proving the case for or against this form of vehicle as the big motor companies have vested interests in the internal combustion engine.

The same situation applied in 1912 when Rankin Kennedy in his three-volume "Book of the Motor Car" stated that in 10 years 10,000 electric vehicles were built, 6,000 being pleasure cars and 4,000 commercial cars. The forecast output was 15,000 for 1913 and his predictions 100,000 for 1915.

Historically expenditure went into the development of the internal combustion engine, although at that time the fact that the twin overhead camshaft engine with hemispherical combustion chamber was the best that was known. The money went into methods of producing the inferior side valve engine as cheaply as possible.

His reasons were also in keeping with modern topical thought: pollution although it was smoke from burned lubrication oil as well as poisonous gas (carbon monoxide) which was the inner city nuisance in those days. The other relevant area which he discusses at length is the battery. The lead-acid cell of that era was too fragile so the nickel-iron Edison battery was proving itself for use in transport at that time but the nickel-cadmium accumulator made by Worsnop and Co. of Halifax, England, was showing promise for all traction purposes.

It is to be hoped that a Government-backed electric car project in Japan is not allowed to win what is to be the growing market of the post-1980 era.

R. J. Packman  
Seahaven, 42 Pearce Avenue,  
Parkstone, Nr. Poole, Dorset.

### Differentials in decline

From the President, Institution of Professional Technologists

—A study carried out by the Economics Department of the University of Oxford for the Liaison Group, of which this is a founder member, not been available for purely

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## Empire Stores up 27% to £7m.: growth continues

The unsecret  
of  
our success

postal costs are not expected to escalate significantly so profits of over 50% are very, very possible.

to £4.2m.

is partly explained by heavy start-up costs in the U.S. Also, exchange rate gains were £32m. lower than the previous year's figures. Nevertheless, Christie's is now firmly established in three of the world's major auction centres—London, New York and Geneva—and this leaves the company well placed to benefit from the worldwide trend to invest in objects d'art as a hedge against currency fluctuations. New York has started trading profitably and in spite of tough competition with the established auction houses, is gaining market share. The shares are on a p/e of 7.7 while the yield is 6.1 per cent. compared with 10.4 and 5.2 per cent. respectively for Southerly.

## Christies ahead 14% to £4.2m.

is partly explained by heavy start-up costs in the U.S. Also, exchange rates have helped. The dollar was down more than the previous year's figure. Nevertheless, Christie's is now firmly established in three of the world's major auction centres—London, New York and Geneva—and this leaves the company well placed to benefit from the worldwide trend to invest in dollar-denominated hedge against currency fluctuations. New York has done trading profitably and in spite of tough competition with the established auction houses, is gaining market share. The shares are up a 7½ per cent. to 10.5 pence, 6.1 per cent. compared with 10.4 and 5.2 per cent. respectively for Southerly.

# Guardian Royal Exchange Assurance Limited

## RESULTS FOR 1977

**Preliminary Profit Statement:**  
The audited accounts for the year ended 31st December, 1977 will be posted to shareholders on the 10th May, 1978.  
Subject to audit the results for the year are as follows:

	1977	1976
	£m	£m
Investment Income	65.3	68.6
Less Interest Payable	6.4	6.7
	<u>58.9</u>	<u>61.9</u>
Underwriting Results		
Short-term (Fire, Accident and Marine)	(6.8)	3.8
Long-term	<u>8.6</u>	<u>5.5</u>
	(0.1)	9.3
Profit before taxation	58.8	81.1
Less Taxation	28.4	28.8
Profit for year after taxation	<u>30.4</u>	<u>52.3</u>
Less Preference dividend and Minority Interests	1.9	1.4
Profit for year after taxation available to Ordinary shareholders	<u>28.5</u>	<u>51.1</u>
Ordinary Dividends		
Interim 4.235p per share	5.3	
Proposed Final - 5.83045p per share	<u>7.5</u>	
Total	12.8	11.6
Profit transferred to Retained Profits	<u>£15.7m</u>	<u>£19.5m</u>
Earnings per Ordinary share (after taxation)	<u>22.7p</u>	<u>24.8p</u>

Results by Territories (before Taxation)	1977			1976		
	Premiums*	Underwriting	Investment	Premiums*	Underwriting	Investment
	£m	£m	£m	£m	£m	£m
Australia	23.1	3.7	3.4	22.4	3.7	2.2
Canada	59.1	(0.4)	4.4	58.6	0.2	4.6
Germany	719.3	(6.7)	12.0	710.2	(6.8)	10.9
U.K.**	209.2	(8.6)		187.4	4.4	
Miscellaneous including Republic of Ireland and Reinsurance	180.8	2.4	39.1	181.9	2.3	34.1
	<u>591.5</u>	<u>(6.8)</u>	<u>58.9</u>	<u>560.7</u>	<u>3.8</u>	<u>51.8</u>

\* Net of Reinsurance  
 \*\* Includes Marine and Overseas risks written in the United Kingdom

Our results for 1977 have reflected a continuation of the profits on much of our overseas business offset by poor performances in Germany and Holland. We suffered an overall loss on our U.K. underwriting mainly caused by increases in the incidence of claims on our large Motor underwriting and poor trading in our Accident account; the Fire profit was sharply reduced mainly due to the firemen's strike. Marine and Aviation underwriting overseas made a useful profit and we received the customary valuable contribution from our large Life operations.

**General** One of the largest contributory factors in the overall results was the change in the value of sterling in 1977 which, by comparison with the 1976 figures, reduced short-term premium income by £30m and investment income by £3.9m. The contribution to profit for the year after taxation available to Ordinary Shareholders has benefited to the extent of £1.1m from subsidiary companies which will not in future be consolidated owing to the elimination of our controlling interest.

**Dividend** The Directors recommend the payment of a final dividend which, with the interim payment made in January 1978, will constitute the maximum distribution permitted under current legislation.

approved at the Annual General Meeting to be held on 7th June, 1978 a payment at the rate of 5.93045p per share (gross equivalent 8.9855p) in respect of the final dividend will be made on 8th June to holders of Ordinary shares whose names appear on the register at 28th April, 1978, making with the interim payment in January last, a total of 10.16545p (1976: 9.18209p) per share (gross equivalent 15.4022p; 1976: 14.002p).

## DoT probe into three companies

The Department of Trade has begun an investigation into the affairs of two small life assurance companies and a property investment company, all of which are registered in the Channel Islands. The companies are The Associated Life Assurance Co., Ltd., which covers allegations of fraud, withholding of information and misconduct by directors of companies. The companies named are Calsonic, a joint venture company of National Investors Life Assurance and Growth and Secured Life Assurance Society, and Deadman Properties.

The two inspectors appointed to carry out the investigation are Mr. R. A. Morrill Q.C. and Mr. P. L. Aisher of Price Waterhouse.

In April last year these two men were also appointed to investigate the affairs of Raybourne and Clifton Investments, property and investment companies chaired by Mr. John Kidd. Raybourne was a publicly quoted company whose share list was cancelled in 1974 after the shares had been suspended for three years.

Raybourne operates from 23 Windsor Road, Slough, which is also the registered address of John Morris Vestyman, Mr. John Kidd was not available for comment.

## Midway rise by Ferry Pickering

Against a distinctly unhelpful general business climate, pre-tax profit of Verry Pickering Group, the printing, packaging and publishing group, rose to £3,300,000 from £2,335,000 for the six months ended December 31, 1977, a turnover of £2,67m, against £1.8m.

The directors say the group is more than maintaining its progress in the third quarter, with forward orders standing at a record level than at any time since the start of its financial year.

Based on the packaging service the group now offers to a comprehensive range of industries, they anticipate that progress will be maintained to the end of the current year.

The interim dividend, which absorbs £3.185 (£97,929), is effectively raised from 1.1272p to 25p net on capital increased by one-for-ten scrip issue—for all 1976-77, payments totalled an equivalent 2.5469p from £785,965 taxable profit.

## Scottish Road drops to £375,000



The following are extracts from the Statement by the Chairman, Sir Denis Mountain, Bt.

Premium income	Underwriting result	Pension fund contributions	Investment income	1977 Total	1978 Total
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	£m	£m	£m	£m	£m
United Kingdom, marine and reinsurance	230.3	(3.6)	(5.4)	24.5	16.5
Australia	—	—	(5)	—	10.3
Belgium	27.1	(4.5)	(1.1)	(1.4)	—
South Africa	32.9	1.5	(2.5)	1.3	2.5
U.S.A.	4.3	—	—	—	(.8)
Other territories	5.8	—	(1.1)	1.0	1.7
	<u>315.0</u>	<u>(4.3)</u>	<u>(6.9)</u>	<u>31.1</u>	<u>11.5</u>

46-7 35-5 25-9

UNITED KINGDOM. Premium income increased by 27% to £179m. Overall there was an underwriting loss of £36m (1976: loss £23m) after additional provisions for unexpired risks in motor and all-in-departments. Fire business was again profitable. There was a loss of £45m (1976: loss £58m) on the "all-in" account which continues to give cause for concern. In January 1978 there was a major storm which is expected to cost us approximately £1m and, in accordance with our normal practice, we have provided for this in these accounts. The planned expansion of the motor account was achieved. Although a deteriorating claims emergency was anticipated it was worse than forecast, and there was an underwriting loss of £2.7m (1976: loss £0.2m) on the account. In the liability account premium income increased to a satisfactory level as a result of both higher rates, particularly on products liability business, and record levels of new business. The cost of claims involving personal injury has risen sharply. Our above average involvement in the U.K. in those classes of business most susceptible to high rates of inflation has made it necessary for us consistently to make conservative assumptions as to future inflation rates. Whilst the reduction in the rate of increase in the retail price index to single figures is welcomed we must see this translated into a similar rate of inflation of wages costs before we can contemplate making a reduction in the rates of future inflation we incorporate in our large liability provisions.

**OVERSEAS.** There has been a substantial improvement in our underwriting results overall. In Australia the overall underwriting result still leaves room for improvement. In Belgium claims ratios have now been brought more under control. In the United States our underwriting performance has improved considerably. An excellent result has again been recorded in South Africa. Our subsidiaries in Jamaica and Barbados continue to trade profitably. Elsewhere overseas an overall profit was earned in spite of unsatisfactory trends in Holland and France.

We have strengthened the provisions for the run-off of a pre-1988 account covering foreign risks written in London by £2.5m (after related tax relief) from Inner reserves as we consider it inappropriate to charge this to current trading in view of the length of time since this account was underwritten.

**LIFE.** World-wide new business produced sums assured amounting to £1,589m (1976: £1,319m) and annual premiums of £19.0m (1976: £18.0m). Single premiums and considerations for annuities amounted to £99.3m (1976: £36.3m). In spite of the fall in interest rates during 1977 we have been able to maintain the rates of bonuses to policyholders after the annual valuation of the life funds. Profits transferred to the shareholders' account were £4.5m (1976: £4.0m) net of tax with a grossed up value of £8.0m (1976: £7.0m).

**GROVEWOOD SECURITIES LIMITED.** Grovewood Securities maintained its record of increased profits each year since 1967 with an overall pre-tax profit in 1977 of £7.2m (1976: £7.1m). Turnover was £84.2m (1976: £73.0m) including the share arising from associated companies. Exports amounted to £11.0m (1976: £6.8m).

**FUTURE OUTLOOK.** The company is in a strong financial position and we believe we can look forward to further profitable

expansion. Our insurance business is expanding satisfactorily particularly in the United Kingdom and from this we derive a strong cash flow which should result in further increases in investment income although this will, of course, be affected by the general level of interest rates.

**DIVIDEND.** The directors are recommending to shareholders at the Annual General Meeting to be held on 26th May 1978 a final dividend having a gross equivalent of 4-737p per share. With the interim dividend paid on 13th January 1978 the maximum allowable dividend will have been paid having a gross equivalent of 9-282p per share (1976: 8-438p). The dividend will be paid on 14th July 1978.

*The Annual Report and full Chairman's Statement will be sent to Shareholders on 2nd May 1978.*

**Eagle Star Insurance Company Limited**  
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Royal Exchange, London EC3V 3LS

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# OUTSTANDING 36% INCREASE IN UK NEW BUSINESS

Extracts from the statement of Sir Robert Fairbairn J.P., Chairman, at the Annual General Meeting held in Glasgow on 12th April 1978.



Sir Robert Fairbairn J.P., Chairman

premium towards the end of the year made such investment appear attractive."

## INVESTMENT PERFORMANCE

"The unit buying price of SCAMPI, the Society's Managed Fund subsidiary, increased by 52.9% during 1977. Comparisons of the investment performance of the unit price clearly show SCAMPI's performance over the last three years is second to none.

Although such comparisons are not directly available for the Society's funds we believe that the investment performance of these funds has been of similar high quality for it is the same team of investment managers which looks after both the Society and SCAMPI. As evidence of the Society's performance in 1977 our equity share portfolio outperformed the FT All-Share Index by the substantial margin of over 10% and this after accounting for the reduction in value of our USA portfolio as a result of the fall in Wall Street."

## FLEXIPENSION

"..... Flexipension has emerged as the most successful new policy we have ever introduced, producing in 1977 new yearly premiums of £3.6 million and new single premiums of £2.9 million."

## INVESTMENT 1977

"Of the Society's new investment in the UK in 1977, £32.2 million was invested in Government and other Public Securities, £12.6 million in Ordinary Shares and £6.0 million in Property ..... Part of our equity investment was used to increase our USA portfolio when the weakness in Wall Street coupled with the fall in the dollar

## FISCAL NEUTRALITY

"One of the recommendations of the Meade Report was a plea for fiscal neutrality, i.e. that all forms of saving should be treated alike as far as tax reliefs and incentives are concerned. We would agree with this suggestion but only so long as it resulted in other types of long term saving receiving the same kind of relief as life assurance premiums and subject to the same terms and conditions. We could not accept the idea if it meant that the present tax incentives were to be taken away from life assurance for this could only result in the disruption and probably the curtailment of the flow of money into long term savings, savings which are vital to this country's economy."

## RECORD UK NEW BUSINESS

Individual Assurances and Flexipension premiums + 47% on 1976

	1975	1976	1977
£m	7.1	8.7	12.8

New Annual Premiums

Group Life and Pensions Business (subject to pay policy restrictions until July) + 13% on 1976

	1975	1976	1977
£m	4.0	4.5	5.0

New Annual Premiums

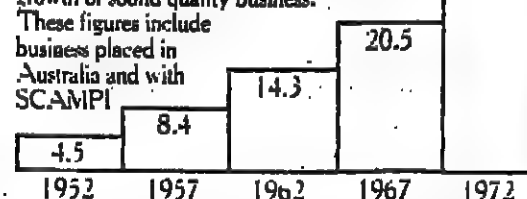
## TOTAL NEW PREMIUMS PAID

Total for Society (including business placed in Australia and with Scottish Amicable Pensions Investments Limited)

	1975	1976	1977
£m	11.9	13.9	18.6

## PREMIUMS EXCEED £79m

The dramatic increase in premiums over the past 25 years reflects a period of sustained growth of sound quality business.



## RECORD BONUS DECLARATION

Details of the Bonus Declaration for UK with profits policies for the 3 years ending 31st December 1977 and maturing after 31st March 1978, together with the new interim bonus rates are shown below.

Series	Declared	Interim
Principal*	£% 4.25 5.25	£% 4.10 on Sum Assured 5.10 on existing bonus
Flexidowment (Second Series) introduced 1975	3.75	3.75 on Sum Assured 6.00 on existing bonus
Flexipension (First Series) introduced 1976	4.00	4.00 on retirement fund 6.00 on existing bonus
Superannuation (Second Series) introduced 1977	4.00	4.00 on Sum Assured 6.00 on existing bonus
Group Policies	4.75	On the benefit secured and not yet payable including past bonus additions still attaching.

\*includes all UK policies other than those listed individually.

The summary report will be sent to members. Copies of the full Annual Report and Accounts may be obtained on application.

**SCOTTISH AMICABLE**  
150 St. Vincent Street, Glasgow G2 5NQ

# £1.6m. downturn leaves Glynwed at £13m.

WITH A DOWNTURN in the trading level in the stockholding and distribution operations from £5.3m. to £3.7m. and in the overseas household and industrial appliances side from £2.3m. to £0.85m., pre-tax profits of Glynwed slipped from £14.6m. to £13.05m. for the 52 weeks to end-1977 compared with the previous year. In August, reporting first-half profits down from £7.04m. to £5.12m., the directors said that despite continuing uncertainties, an improvement was looked for in the second half.

Basic full-year earnings are shown at 9.7p (11.8p) per 25p share and fully diluted at 9.8p (11.6p). The final dividend at 5.7p net lifts the total from 7.423p to 8.2p.

U.K. turnover ..... 33,364, 37,000, 1977, 1976, 1975  
Buildings and consumer ..... 23,390, 21,000, 19,000  
Steel and engineering ..... 23,412, 21,000, 19,000  
Stockholding and dist. .... 5,128, 7,157, 7,157  
Other and trading ..... 11,823, 12,112, 12,112  
Overseas household, etc. .... 2,300, 2,300, 2,300  
Total turnover ..... 33,364, 37,000, 19,000  
Trading profit ..... 14,530, 15,000, 15,000  
Buildings and consumer ..... 3,800, 3,174, 3,174  
Steel and engineering ..... 2,194, 6,300, 6,300  
Stockholding and dist. .... 306, 285, 285  
Other and trading ..... 8,230, 5,241, 5,241  
Overseas household, etc. .... 3,520, 3,402, 3,402  
Pre-tax profit ..... 13,050, 14,600, 14,600  
Tax ..... 1,550, 1,550, 1,550  
Net profit ..... 11,500, 13,050, 13,050  
To minorities ..... 48, 224, 224  
Extraordinary credit ..... 20, 20, 20  
Leaving ..... 5,794, 6,216, 6,216  
Preference dividends ..... 1, 1, 1  
Interim dividend ..... 1, 1, 1  
Proposed final ..... 2,227, 2,227, 2,227

Loss-making areas have not been largely eliminated in the past year, but the Government's Temporary Employment Subsidy.

Over the past year, Glynwed's capital expenditure is likely to group between the 1977 total of around £5m. to £5m. A large slice of this will go on the copper tubes divi-

a major rationalisation programme, the group is now aiming to trim back both labour and interest payable, includes interest on bank overdrafts, and all other short, medium and long-term borrowings.

The figures include those of new subsidiaries whose aggregate turnover and profits before tax amounted to £5.52m. and £106,900 respectively.

Mr. Leslie Fletcher, the chairman, says the results for first two months of the current trading period are ahead of last time and he is cautiously optimistic for the full year.

Losses on the sheet steel division—the sale of which has already been announced—totalled around £1.2m. Within the scrap division, 1977 saw a deficit of between £200,000 and £300,000, while the foundries offshoot lost £400,000 excluding Temporary Employment Subsidies totalling £200,000.

The sharp downturn in the overseas operations reflected problems within the group's South African interests. Glynwed is now completing a deal which will bring in the South African interests of the General Electric Company of America, but no early improvement is being looked for on returns from South Africa. Even with the addition of the GE interests, Mr. Fletcher says the group would be hard pressed to match the £51,000 contribution from overseas interests during 1977.

Over the current year, group capital expenditure is likely to group between the 1977 total of around £5m. to £5m. A large slice of this will go on the copper tubes divi-

tion, with more expansion of the steel side of the group's business.

## comment

Glynwed's biggest headache has been the dismal performance of its S. African interests where trading profits fell 67 per cent last year to £51,000—almost all of which was earned in the traditionally weaker first half. Given the depressed state of the economy in that country profits are likely to be even lower this year—despite the agreed merger between Glynwed's S. African subsidiary Dely Industries and General Electric's S. African subsidiary (with Glynwed taking a 68 per cent stake in the new company). The problems that Glynwed have faced in the S. African subsidiary have been taken steps to improve its performance through a programme of closures, sale of certain businesses and rationalisation. Most of this work has been completed but the group is currently thought to be seeking to reduce further overheads in its sinks and showers division to a final total of around £1.2m. It has already agreed to sell its S. African subsidiary (which lost £1.2m. in 1977) to Finsider International of Italy while on the bath S. African subsidiary (which lost £300,000) the group has closed its Cockerham factory in Scotland. Meanwhile U.K. profits have been underpinned by a strong performance from copper tubes, while profits have also been helped by new acquisitions. All this points to a stronger U.K. performance in the current year but with S. Africa still severely depressed. The shares at 112p yield 11.8 per cent, while the p/e is 10.7.

# E. Fogarty jumps to peak £1.8m.

AFTER A FIRST half rise from £0.51m. to £0.7m., pre-tax profits of E. Fogarty and Co. finished 1977 ahead from £1.25m. to a record £1.84m. on turnover of £17.45m. compared with £15.03m. of £0.71m. (20.58m.) adjusted earnings are shown to have risen from 21.5p to 36.6p per 25p share and as projected the final dividend is 2.2718p net for a maximum permitted 3.4026p (3.0465p adjusted) total. A one-for-three scrip issue is also proposed.

As a result of the change in tax accounting £1,850,000, being that part of the deferred tax liability which is unlikely to be payable in the foreseeable future, has been reclassified and included in reserves. The change has also reduced tax for 1977 by £250,000 and for 1978 by £77,000.

Assuming that consumer expenditure reaches the higher levels which are widely forecast, the directors would expect to see a further increase in turnover and profit for 1978, they tell members. The group operates as processors of man-made fibres, down and feather fillings, and manufacturers of house textiles.

# Oil Ex. second half downturn

AFTER WRITING-OFF exploration expenditure of £284,000 compared with £124,288 last time, pre-tax profits for 1977 of Oil Exploration (Holdings) show a marginal rise from £1.37m. to £1.42m. on turnover of £5.02m. against £2.48m. In September the group reported first-half profits up from £745,000 to £1.11m.

The tax charge, at £488,948 (£701,888) has been reduced by the release of deferred tax in relation to Bates Oil Corporation, which was acquired in December, 1976.

Earnings on 13m. (10.3m.) 10p shares are shown at 7.11p (6.89p) per share and the dividend is raised from 1.587p to 2.107p net.

# Deficit at John Finlan

With turnover down from £1.54m. to £1.27m. and competitive margins, John Finlan incurred a pre-tax loss of £93,105 for 1977 compared with profits of £23,423 last time, after a first-half surplus of £28,003 against £28,633.

Tax relief adds £40,015 (£37,478 charge) and after an extraordinary credit of £5,500 (£18,491) the net loss is £28,790 (£25,238 profit).

The loss per 10p share is shown at 1.74p (1.11p earnings) and once again there is no dividend. The last payment totalled 4.8p net for 1973.

The directors say that enquiries and quotations continue at a high level and most of these are for larger types of buildings. Although the conversion to orders is still slow it would take little movement to change the situation considerably.

The group operates as designers and constructors of industrial and commercial buildings and developers of industrial land.

# £2m. by Richardsons W'garth

EXCLUDING THIS time turnover and earnings of its rationalised marine building and engineering subsidiary, taxable profit of Richardsons Westgarth and Co. slipped from £2.37m. to £2m. in 1977, on turnover down from £44.3m. to £38.8m.

Last year the subsidiary, George Clark and NEAL, continued to produce a profit and turnover of £464,391 and £1.4m. This year's result does however, include a £177,763 dividend from Clark and interest estimated at £21,875 on the compensation for its vested assets.

At halfway, when profit was up from £0.8m. to £0.8m., directors predicted second half profits would be little different to the first half.

After tax of £0.97m. (£1.0m.) and minority interests of £57,341 (£58,108), attributable profit was £0.97m. (£1.17m.) and the dividend of £0.97m. (£1.17m.) was shown at 7.8p against 9.2p.

A final dividend of 3.4844p takes the total for the year to a maximum permitted 4.3544p net

(4.108p). The group is engaged in marine, electrical and general engineering and boiler-making.

## comment

As Richardsons Westgarth forecast in its last annual report, 1977 was an abnormal year. Even so, stripped of rationalised marine engineering subsidiary, George Clark and NEAL, the group managed to hold pre-tax profits just above the £2m. level. And excluding the estimated interest on what the company considers very conservative compensation for the rationalised asset, the overall trading figures indicate a marginal shortfall. This represents a reasonable result given the depressed conditions in the ship-repairing and steel stockholding industries. Contributions from its stockholding division was reduced mainly as a result of the poor performance of its principal subsidiary, E. Gerald. Thus, the only bright note came from the engineering services group, which was able to improve its trading return.

New investments would have to be found to replace the profit lost from the rationalised asset and in Hull steel stockholders, arduous. Bargh and Jones the group appears confident of regaining at least a portion. The shares at 37p give a yield of 12.8 per cent, and a p/e of just over 7.

# Arthur Wood exceeds £300,000

An advance in taxable earnings from £222,097 to £285,434 in the second half of 1977 by Arthur Wood and Son (Longport) took the full-year profit to a record £304,634, against £192,297. The net dividend is raised from 1.888425p (1.034573p) per 3p share.

After tax of £141,308 (£102,448) net balance exceeded higher at £163,326 (£89,849). The company makes earthenware.

# Amal. Metal finishes with £6.12m.

AFTER AN exceptional loss of £1.8m. due to a fraud, which was announced in June, 1977, pre-tax profits of Amalgamated Metal Corporation fell from £7.95m. to £6.12m. for 1977.

At midway profits stood at £2.8m. (£2.7m.) and at nine months at £4.1m. (£4.2m.).

Full year earnings, before extraordinary credits of £0.63m. (£0.32m.), are shown at 34p (46.8p) per £1 share, and after such credits at 44.4p (54.9p). The final dividend is 10.8125p net for a maximum permitted 13.5125p (14.137p) total.

Turnover ..... 1,656,660, 1,654,000, 1,654,000  
Share advice ..... 425, 425, 425  
Exceptional loss ..... 1,800, 1,800, 1,800  
Pre-tax profit ..... 6,121, 7,950, 7,950  
Tax ..... 2,700, 2,700, 2,700  
Net profit ..... 3,421, 5,250, 5,250  
To minorities ..... 1,200, 1,200, 1,200  
Extraordinary credits ..... 2,900, 2,900, 2,900  
Leaving ..... 3,421, 5,250, 5,250

Extraordinary items no longer include exchange movements arising on consolidation which are now taken directly to reserves. The 1978 figures have been adjusted accordingly.

# SKF (U.K.) to speed up cost cutbacks

The recovery plan introduced by SKF (UK) last autumn to combat rising losses is having an effect, but losses are still running at an unacceptably high level. Mr. C. O. Blomberg, the managing director, told a meeting of employees.

A company statement issued afterwards said that the loss in 1977 amounted to £6.5m. and could have been higher had not the recovery plan been initiated.

The plan is to be accelerated to improve the company's manufacturing costs, and, as a result, the personnel cost reduction originally intended to cover 1978 and 1979 is to be brought forward, the directors say. The labour force cuts involved 73 jobs at Sundon and 125 jobs at Irvine. It is hoped that by 1978, this reduction will be achieved by natural wastage and voluntary separation coupled with transfer and retaining wherever possible, they add.

Additionally the company proposes to introduce a self-financing productivity scheme covering all staff and hourly-paid employees with the objective of raising productivity and further reducing costs. The company, which makes bearings, is an unquoted subsidiary of Aktiebolaget SKF of Sweden.

# BMA advances to £1.47m.

Turnover for 1977 of British Midland Airways, a subsidiary of Bristow Airways, expanded from £18.85m. to £26.25m. and net profits jumped from £90,000 to £1.47m.

Turnover ..... 1977, 1976, 1975  
Trading profit ..... 1,470, 1,470, 1,470  
Interest paid ..... 1, 1, 1  
From lease sale ..... 1, 1, 1  
Profit before tax ..... 1,472, 1,472, 1,472  
Tax ..... 791, 791, 791  
Net profit ..... 681, 681, 681  
Mr. A. R. G. McGibbon, the chairman, says the year began in

# "Sales and profit achieve new record"

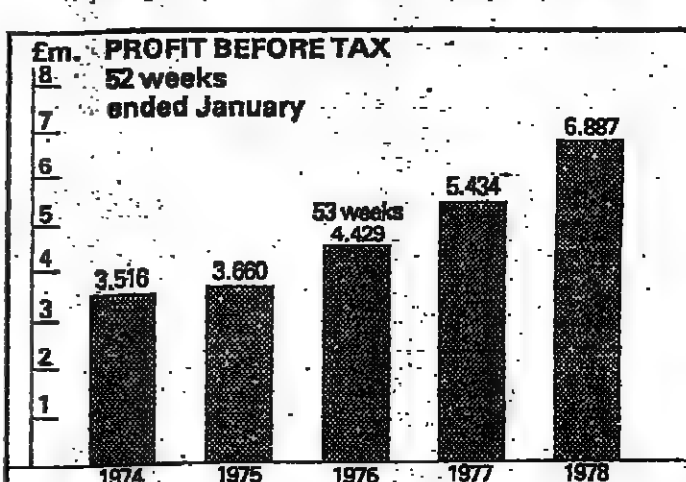
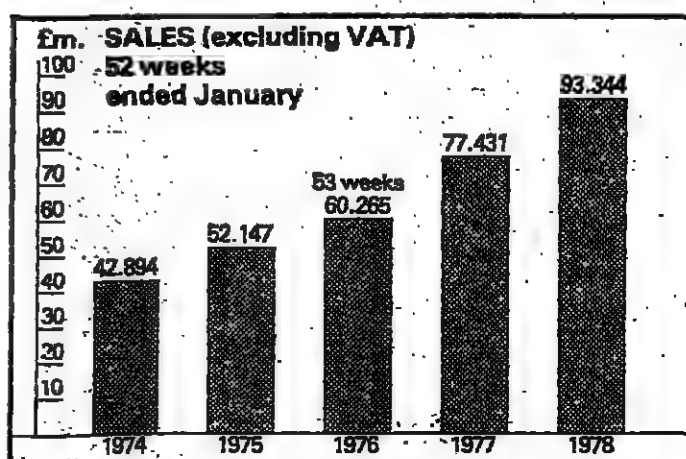
reports C.T. Wells, OBE, TD, Chairman

Sales for the 52 weeks ended 28th January 1978 increased by 21 per cent and profit before taxation by 27 per cent. As forecast at the time of the rights issue it is proposed to increase the equivalent gross dividend by 42.7 per cent.

Sales in the first two months of the current year have been ahead of inflation and it is expected that there will be satisfactory increases in both turnover and profit in 1978.

## Group Results

	1978 £000	1977 £000
52 weeks ended January		
Sales (excluding VAT)	93,344	77,431
Net Profit Before Taxation	6,887	5,434
Net Profit After Taxation	3,260	2,622
Earnings per share	12.74p	11.50p
Dividends Interim	2.22p	1.53p
Proposed Final	2.6046p	1.80p



**EMPIRE STORES**  
(Bradford) Limited

# E. FOGARTY & CO. LTD.

Manufacturers of continental quilts, pillows, bath and scatter rugs, soft furnishings, processors of feather, down and man-made fibre fillings.

Year to 31st December	1977	1976
£'000		
Sales: U.K.	14,733	13,776
Export	2,718	1,253
	17,451	15,029
Profit before tax	1,840	1,252
Taxation	710	580
Profit after tax	1,130	672
Dividends	705	94
Total dividend per share	3.4026p	3.0465p*
Earnings per share	36.6p	21.9p*
Net assets per share	178p	146p*

\*Adjusted for May 1977 Scrip Issue.

Meeting: The Annual General Meeting will be held at the Registered Office at 2.15 p.m. on 25th May 1978.

Dividends: An interim dividend of 1.1308p was paid on 8th November 1977. The Directors are now recommending the payment of the maximum permissible final dividend of 2.2718p per share.

Scrip Issue: A further scrip issue of one ordinary share for every three held is being recommended.

Taxation: Taxation liabilities have been recalculated in accordance with Exposure Draft 19 and as a result of this change in policy £1,565,000 being that part of the deferred tax liability which is unlikely to be payable in the foreseeable future has been reclassified and included in reserves. The change has also reduced the tax charge for 1977 by £256,000 and that for 1976 by £77,000.

Trading Prospects: Assuming that consumer expenditure reaches the higher levels which are widely forecast, we would expect to see a further increase in turnover and profit for 1978.

C. R. W. FLEET  
CHAIRMAN

# Church

(Manufacturers and retailers of quality shoes)

"We hope that 1978 will prove to be a good retail year"

reports Ian B. Church, Chairman

- Sales rose 15.6% and pre-tax profits increased by 21%. The maximum dividend is recommended and a substantial increase will be declared when controls permit.
- Retail profits rose 28% to £1.32m. and exports increased once again to £3.5m. All our factories have reasonable order books.
- Business in both the USA and Europe has been excellent, but the hoped for improvement in Canada did not occur.

Comparative results	1977	1976
Sales	£18,530,514	£18,890,789
Pre-tax profit	£2,374,643	£1,963,137
Earnings per share	24.5p	20.5p
Dividend per share	3.37p	3.82p

Copies of the Report and Accounts can be obtained from the Secretary, Church & Co Ltd, St James, Northampton NN5 5JB







## CHELTEMHAM AND GLOUCESTER BUILDING SOCIETY

### Annual General Meeting

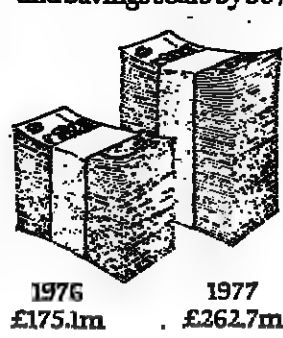
#### ASSETS BREAK £1 BILLION BARRIER—NEW SAVINGS AND HOME LOANS RECORDS ESTABLISHED IN YEAR OF UNPRECEDENTED GROWTH.

The Annual General Meeting of the Cheltenham & Gloucester Building Society was held in the Society's Chief Office on Wednesday 12 April 1978.

In his report on the 1977 results, the President MR. CHARLES E. JESSOP, T.D. drew attention to the following:

COMPARISON OF ANNUAL RESULTS		
1976	1977	
£399.3m	Total Assets	£504.9m
14%	Growth	26.5%
£15.5m	Reserves	£19.8m
3.87%	Reserve Ratio	3.91%
£56.4m	Liquid Funds	£125.7m
16.6%	Liquidity Ratio	24.9%
£175.1m	Investment Receipts (including interest credited)	£262.7m
£83.9m	Mortgage Advances	£87.8m

Inflow of Members' Investments and Savings soars by 50%



"...notwithstanding a well above average growth, the financial strength of the Society, as measured by its Reserves and Liquidity, has not only been maintained but has been increased."

In September the Society introduced a most attractive and flexible savings scheme known as "Savings Builder" and already well over 7000 new accounts have been opened—proof indeed that they meet a real need.

The number of Mortgage Advances to borrowing members under the age of 25 increased from 14% in 1976 to 19% of total loans in 1977.

The Society accepted mortgages on an increasing number of pre-1919 properties—27.5% of loans being in this category.

Whilst the total mortgage business in the "pipe-line" at the beginning of last year was under £56m, by the end of the year this commitment had reached nearly £24m.

During the year 15 new offices were opened. At the end of the year the Society had 84 Branch Offices and also 321 appointed Special Agents.

### Cheltenham & Gloucester

CHELTEMHAM HOUSE · CLARENCE STREET · CHELTENHAM GL50 3JR · TEL: 0242 36161

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#### BIDS AND DEALS

#### CANADIAN REFINERY TROUBLES

### Peat Marwick & Kleinwort Benson get \$120m. writ

BY LYNDON WATKINS IN HALIFAX AND CHRISTINE MOIR IN LONDON

TWO MORE British companies have become embroiled in the legal actions by which Mr. John Coulter, vice-president of Peat Marwick & Kleinwort Benson, is trying to block the sale of his Come By Chance oil refinery, in Newfoundland which is in receivership.

On Monday, Avalon Refining, a subsidiary of Shaheen Natural Resources, set up to recover the refinery, began a \$120m. law suit against the receiver, Mr. Gary Coulter, vice-president of Peat Marwick & Kleinwort Benson, a subsidiary of U.K. accountants Peat, Marwick, Mitchell, and the London merchant bank Kleinwort Benson.

Kleinwort Benson's solicitors in London confirmed yesterday that the writ had been served on Monday and that it would be contested.

Mr. Coulter alleged that Mr. Coulter disclosed the terms of Avalon's own offer to buy back the refinery (which was rejected) to Kleinwort Benson, the Export Credit Guarantee Department of the British Government and other interested parties to the detriment of Avalon's offer.

It also claims that the defendant maliciously disparaged Shaheen, his bankers and associates in order to advance the interests of other competitors for the refinery.

Mr. Coulter, vice-president, Mr. Jessie Taub, said in New York yesterday that the suit was not a capricious action nor merely a stalling operation.

The suit adds one more to the list of legal actions brought by Shaheen in recent years. They include a \$180m. claim against the builders of the refinery, \$100m. against Morgan Stanley, New York

bankers, for allegedly advising the Japanese Bankers, Ataka, to cease supporting the refinery; and \$96m. against McGraw Hill, publishers, for articles in Business Week magazine, intended to keep Mr. Shaheen from setting up a rival magazine.

Back in the bid arena, Ultramar, the British oil company, is no longer a contender for the refinery. Ultramar's offer for the plant was rejected on Tuesday by the receiver and the Newfoundland provincial Government and yesterday, Mr. Campbell Nelson, Ultramar's chairman, confirmed that there would be no new offer.

However, "in view of the misunderstanding about the original offer, we intend to release a Press statement outlining the offer and why we think it was realistic," Mr. Nelson said yesterday.

Ultramar's exit from the lists leaves only one remaining contender for Come By Chance, First Arabian Corporation, a Luxembourg-based investment company with U.S. banking interests and affiliations in the Middle East.

Mr. Coulter, the receiver for the 100,000 barrel a day refinery, said First Arabian is a serious contender and he hopes soon to get a letter of intent from the company formalising the takeover terms.

All he would reveal about the proposal was that it involves operating the refinery from the outset and not using it merely as a transshipment point, as Ultramar suggested. Like Ultramar, however, First Arabian would meet creditor demands out of long-term earnings.

While any settlement will have book value of net assets "it nevertheless takes into account the future prospects of the refinery," Mr. Nelson said.

Ultramar offered to pay the Export Credit Guarantee Department of the British Government the \$125m. cost of carrying out the containment; it also suggested paying \$210m. to creditors out of 20-year anticipated earnings. Total indebtedness is about \$800m., half of which is owed to Ataka, which acted as broker in the supply of Middle East crude for the refinery.

The formal rejection of the Ultramar offer became academic after the Newfoundland Government, a second mortgagee, said its proposal wasn't acceptable. Premier Frank Moores said the company's bid was sufficiently uncertain as to make the environmental hazards of having an oil transport terminal "not worthwhile."

Ultramar already runs a small refinery in Newfoundland and the province was disappointed the bid was not acceptable. Ultramar wanted the right to shut down the plant if losses totalling \$10m. occurred in two consecutive years.

It proposed leaving the plant inoperative until 1981, returning it to production after that date only if a feasibility study showed it was capable of at least 80 per cent. profitable operation. The bankruptcy occurred because the plant failed over to produce at more than 60 per cent of its designed capacity.

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### BMCT offer for Barwick is \$1.7m.

The conditional bid by Birmingham and Midlands Counties Trust for the troubled U.S. carpet giant, Barwick Industries, has led to an unusual exchange of words between Mr. Graham Ferguson Lacey, who owns BMCT, and Mr. Eugene Barwick, former chairman of Barwick, who still owns 85 per cent of the shares.

Mr. Lacey's American bankers Hambro American Inc. announced on Tuesday that Mr. Barwick had signed a letter of intent to sell his shares to BMCT. Yesterday, however, Mr. Barwick said that he had not yet decided whether to sell the shares; and certainly had not yet "gotten down to bargaining."

Mr. Barwick's solicitor, on the other hand, claimed that Mr. Barwick had signed a letter of intent and that Mr. Lacey is adamant both that it has been signed and that the price—\$1.7m. for the 8.4m. shares—is included in the letter.

BMCT's offer for Barwick, which is dependent on Mr. Barwick's sale of the shares by June 30, is also conditional upon the banks who are supporting Barwick Industries agreeing to a restructuring of the company.

#### ATLANTIC ASSETS —UTD. SCIENTIFIC

Atlantic Assets and one of its subsidiaries have converted their holdings of 10 per cent. Convertible United States Local Stock, holding their combined stake in the equity of United Scientific up to 2.25 per cent.

United Scientific increased its profits by 15 per cent. in its last financial year and was the subject of much bid speculation in 1977.

Conversion of the loan stock became attractive on income grounds when the dividend was increased by 30 per cent. at the time of a £1.7m. rights issue last November.

Atlantic Assets was the only remaining holder of the convertible stock, the others having been bought out by United Scientific.

A long and friendly relationship has existed between Atlantic Assets and the company since United Scientific's chairman Mr. John Robertshaw yesterday.

Atlantic Assets had helped United Scientific buy Avimo through this convertible and Avimo had subsequently proved a great success.

#### CHI-RICHARDSON

Pre-tax profits of £17,500 are estimated by the directors of S. A. Richardson for 1977 in the offer document sent to shareholders yesterday by CHI Investments. The £50m. bid is recommended by the directors and holders of 40.1 per cent. of the equity have irrevocably undertaken to accept.

Mr. Stanley Richardson, chairman of S. A. Richardson, says in his letter to shareholders that although the offer is below the

book value of net assets "it nevertheless takes into account the future prospects of the Richardson group."

Richardson manufactures specialist chemicals used in the preservation of timber and buildings. CHI sees it as a natural extension of its existing interests in the supply of specialist products to the building and construction industries.

#### ICFC AID FOR DELTA MOULDINGS

Industrial and Commercial Finance Corporation is helping two directors of Delta Mouldings to buy a majority stake in their company through a £200,000 loan and £60,000 of share capital.

Mr. Bill Williams and Mr. Roy Mansfield, the two directors, wanted to buy stakes in Delta Mouldings from the owner Mr. Michael Smith. But they did not have sufficient funds.

The problem was circumvented by the creation of a new company with a relatively small equity base in which the two buyers could take part.

ICFC took a £50,000 equity stake and lent the new company £200,000 thus enabling it to buy Delta Mouldings business.

In detailing the arrangements, ICFC has had to be careful not to fall foul of section 34 of the Companies Act which prohibits loans by companies enabling the purchase of shares in the company.

Delta Mouldings produces parts such as soles for the shoe manufacturing industry. Its turnover is about £2m. a year.

ICFC provides medium and long term finance for small and medium sized companies.

#### ASSOCIATES DEAL

J. Henry Schroder Wagg and Co. sold 25,000 Wheatheaf at 185p on behalf of associates.

### Thorn's £6.6m. U.S. expansion

THE PURCHASE of two U.S. companies is announced by Thorn Electrical at a cost of £6.6m. It says the acquisitions are part of a general strategy of moving into the American market, an aspiration it shares with several other European electrical groups.

Thorn is buying James G. Riddle and Co., which is based in Philadelphia and is a distributor of Thorn's measuring instruments. Riddle also makes a complementary range of instruments to its own design.

The other acquisition is part of the Speco division of the Kelsay Hayes Corporation, which has been a Thorn licensee for hydraulic products. A new company, Towler Hydraulics, has been formed to take over the Speco interest.

Thorn says it is actively seeking further acquisitions in the U.S. It has formed a holding company, Thorn Electrical Industries (U.S.A.) Incorporated and opened an office in New York.

Several other U.K. companies have recently been buying small operations in the U.S. They include Ferranti and Racal. The General Electric Company has hired Mr. Geoffrey Cross, former head of International Computers, to be a consultant for possible acquisitions. Siemens of West Germany has also shown considerable interest in the U.S. and has made a number of acquisitions in the electrical field.

BOOKER MCCONNELL BUYS ITALVINI

Booker McConnell has completed the purchase of Italvini, a private company importing, marketing and distributing Italian wines in Britain, for £1.2m. The deal was first announced last month.

SHARE STAKES

J. H. Fenner and Co. (Hedge) Further to the announcement that Morgan Grenfell Trustee Services, as trustee of David Brown Holdings, was interested in 2,468,000 Ordinary shares of Fenner, Morgan Grenfell Trustee Services announces that in consequence of a subsequent change of ownership of such shares in David Brown Holdings on April 1 they ceased on that day to be interested in the above-mentioned shares in the capital of Fenner.

Initial Services, London and Manchester Assurance Co. has increased its holding of 5.95 per cent. cumulative Preference shares registered in its own name and that of its subsidiaries to 96,500 (24.126 per cent.) shares.

Parabank Portfolio Management now holds 248,000 Ordinary shares (9.18 per cent.).

Wholesale Fittings Co. Mr. D. S. Rose, a director, has notified the company that, as a result of changes in the number of shares held by the John Altmann Settlement in which he has no beneficial interest, his shareholding in the capital of Wholesale Fittings is now 220,000 (14.39 per cent.). Beneficially held Ordinary shares, Mrs. R. Rose and others, trustees of the John Altmann Settlement, are not to be included in the Monopoly Commission.

NO PROBE

The proposed merger between Scapa Group/Bury and M. (Holdings) is not to be referred to the Monopoly Commission.

The document also adds that it intends to maintain the listing of Cray shares on the stock exchange and to ensure that any takeover will make any placing arrangements that may be necessary.

Cray said that in the light of the reluctance of both parties to reduce the share price, it had decided to proceed with the takeover, but has promised a 10 per cent. dividend increase for 1978 ending April 30, 1978, 14.53p net—but a final dividend of 0.10p will not be paid until shareholders have accepted the offer.

There's a strong case for re-locating at KING'S LYNN

For firms... for families

King's Lynn offers manufacturers, importers and exporters one of the most modern docks along the East Coast with regular service to Hamburg and a large liner service to Greece, Cyprus and the Lebanon. Labour relations are excellent and factory buildings are available, and land is waiting for you to build on.

King's Lynn offers housing at every price level; good shopping, good education and hospital care, plenty of recreational facilities and a wonderful choice of country and sea-side to enjoy. The Royal Estate at Sandringham is 15 minutes away; beautiful beaches and the Norfolk Broads are all immediately accessible.

For further details please write or telephone: Ken Faulkner, Expansion/Public Relations Officer, West Norfolk District Council, Clifton House, Queen St., King's Lynn, Norfolk, Tel: 0533 824.

WEST NORFOLK DISTRICT COUNCIL

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to any person to subscribe for or purchase any preference shares.

George Armitage & Sons Limited (Incorporated under the Companies Act, 1929)

ISSUE OF 512,000 10½ PER CENT. SECOND CUMULATIVE PREFERENCE SHARES OF £1 EACH

The Council of The Stock Exchange has granted a listing for the above-mentioned preference shares. Particulars of the rights attaching to them are available in the Extel statistical service and copies of the statistical card may be obtained during usual business hours on any weekday (Saturdays and Bank Holidays excepted) up to and including 28th April 1978 from:

Samuel Montagu & Co. Limited de Zoete & Bevan  
New Issue Department 25 Finsbury Circus  
Augustine House London EC2M 7EE  
Austin Friars and at  
London EC2N 2JL The Stock Exchange

13th April 1978

### BARLOW RAND LIMITED

(Incorporated in the Republic of South Africa)

Members are referred to the joint announcement made today by this company and THE GENERAL ELECTRIC COMPANY LIMITED ("GEC") in regard to the acquisition of a 50% equity interest in GEC's subsidiaries in the Republic of South Africa which are referred to therein as "the GECSA Group".

GEC is Britain's largest electrical and electronics company and is one of the world's major electrical companies. In the late 1960s GEC acquired Associated Electrical Industries Limited and merged with The English Electric Company Limited which, together, embraced the names of "Marconi", "Elliott-Automation", "Metropolitan Vickers" and "British Thomson-Houston".

The directors have decided that approximately R 20.0 million of the purchase price of R 27.5 million should be raised by a "rights" issue of preferred ordinary shares. The balance will be provided from this company's own resources.

That issue will be of 5 preferred ordinary shares for every 100 ordinary shares held on a prescribed date (which will be given in the issue documents) at a price of 370 cents per share payable in cash to the currency of the Republic of South Africa. Standard Merchant Bank Limited has agreed to underwrite that issue.

The preferred ordinary shares will rank pari passu with this company's ordinary shares except as regards dividends. They will be entitled, after this company's cumulative preferential dividend and in priority to dividends on its ordinary shares, to a fixed annual non-cumulative cash dividend of 36 cents, one half of which will be declared on each 31 March and 30 September and to a pro rata share of that dividend from the closing date of the issue to 30 September 1978 (both dates inclusive).

If the aggregate cash dividends declared and paid by this company in respect of its ordinary shares for any financial year from 1 October 1977 exceed 36 cents per ordinary share then its preferred ordinary shares will be entitled to the excess for the same year.

Those preferred ordinary shares will automatically become ordinary shares after the year in which the aggregate cash dividends declared and paid by this company in respect of its ordinary shares are equal to or exceed 36 cents per ordinary share.

As the GECSA Group will become this company's subsidiary its results will be consolidated with effect from 1 April 1978. The consolidation of this company's earnings for the year ended 30 September 1977 and net assets as at that date with the estimated earnings for the year ended 31 March 1978 and the net assets of the GECSA Group at that date after taking into account this company's proposed method of financing the purchase consideration would have had a negligible effect on this company's earnings and net assets per share.

It has been the policy of the directors to further the Group's participation in the growing and very important technological fields. It is considered that the acquisition of that interest in the GECSA Group, and through it the association with GEC, is in line with this aim and will be of great benefit to this company.

The general meeting for the creation of those preferred ordinary shares will be convened as soon as possible.

JOHANNESBURG 11 April 1978

Standard Merchant Bank Limited

Standard Bank

### The General Electric Company Limited ("G.E.C.") and Barlow Rand Limited ("BARLOW RAND")

Agreement has been reached between GEC and BARLOW RAND by which BARLOW RAND will acquire fifty per cent of GEC's major South African subsidiaries ("the GECSA Group"). Having decided that the development of its business in South Africa requires the advice, assistance, balancing influence and participation of a major concern based in South Africa, GEC has found the logical partner in BARLOW RAND with its substantial industrial and mining interests. BARLOW RAND is responsible for the employment of 125,000, had a group turnover for the year ended 30 September 1977 of R 1,245 million and its profits after tax (but before minority interests) were R 108 million.

The industrial businesses in South Africa of the two groups are complementary. They share a similar approach in management and business philosophy, including a common desire to improve working conditions for all their employees, to help them to achieve their legitimate economic aspirations and to provide increased scope for job advancement.

The combined net assets of the GECSA Group on 1 April 1978 (after revaluation of fixed properties) were approximately R 53 million. The estimated turnover for the financial year ended 31 March 1978 was R 300 million, and the profit after tax is expected to exceed R 9 million.

BARLOW RAND is to pay GEC R 27.5 million for its 50% share of the GECSA Group. The approvals of the relevant authorities have already been received or are expected presently and it is the intention that the transaction will be effective as from 1 April 1978.

BARLOW RAND will be entitled to appoint the Chairman and a majority of the directors of the holding company of the GECSA Group which will, however, continue to be run as a separate entity retaining a considerable degree of independence. It will be supported by GEC as heretofore and the GEC names and trade marks will continue to be used.

GEC has been established in South Africa since the beginning of the century. Its operations have grown extensively over the years through internal development, mergers and acquisitions. Employing 5,000 people, it covers the manufacture and supply of products in the fields of electrical engineering, power generation, transmission and distribution equipment, industrial machines, lifts, fans, telecommunications, electronics, automation, scientific apparatus, material handling, medical equipment, and lamps and lighting.

The principal operating subsidiaries of the GECSA Group are:

- GEC Machines (Proprietary) Limited
- GEC Power Distribution (Proprietary) Limited
- GEC Engineering (Proprietary) Limited
- GEC Equipment (Proprietary) Limited
- GEC Woods Fans South Africa (Proprietary) Limited
- GEC Machines (Kwazulu) (Proprietary) Limited
- GEC Henley South Africa (Proprietary) Limited
- Marconi South Africa (Proprietary) Limited
- Express Lift Company South Africa (Proprietary) Limited
- Satchwell Controls (Proprietary) Limited.

GEC Machines (Proprietary) Limited is the most important manufacturer in South Africa of electric motors for industrial use, and also manufactures highly specialised D.C. equipment and railway traction equipment. GEC Power Distribution (Proprietary) Limited has the largest facilities in South Africa for the manufacture of transformers and switchgear; it is an important manufacturer of instrument transformers for overhead power lines and is one of its major manufacturers and suppliers of protection relays and electricity meters.

The linking of the GECSA Group with BARLOW RAND will create the opportunity for developing an even stronger and more coherent entity with a broad industrial base.

11 April 1978

11 April 1978

11 April 1978

11 April 1978

11 April 1978



\$6.6m expansion

INTERNATIONAL FINANCIAL AND COMPANY NEWS

DRTH AMERICAN NEWS

Control data well set

MINNEAPOLIS, April 12.

SULTS FROM Control Data Corporation for the first quarter of this year bear out the Board's earlier forecast that 1978 will bring a further increase in the record earnings of the previous year, even if it proves difficult to repeat the gain of 42 per cent. in profits.

The 1978 first quarter, the group has turned in net income increased by 20 per cent. to \$15.7m, or 90 cents a share against 75 cents last time. Sales rose by 18 per cent. to \$400.4m.

Agnes, for both quarters were struck after an extraordinary credit of \$500,000 or 2 cents a share, but the 1977 quarter has been revised to reflect an increase in net earnings of \$1.3m, or 8 cents a share. First quarter earnings of Gulf Insurance were unconsolidated.

Combined revenue, which takes in revenue of Control Data and its subsidiary Commercial Credit Corporation, was \$404m. In the 1978 first quarter, compared with \$353m. previously.

The full year 1977, the group reported a sales increase of 10 per cent., a rate which the Board hoped to maintain this year. But last year's final quarter showed a slowdown in earnings growth to 36 per cent. against 43 per cent. for the full year.

At the end of last year, Control Data was among the most active in Wall Street after continuing strong order books in its computer equipment and peripherals business sections.

Meanwhile, Bell and Howell Communications and Telemation, of Salt Lake City, have signed an agreement under which Bell and Howell is to purchase the assets of Telemation's video hardware manufacturing division. No purchase price was disclosed.

Administration backing Conrail plea for funds

BY JOHN WYLES

THE CARTER Administration urged a Congressional committee today to agree to the request from the Government-sponsored Consolidated Rail Corporation for an additional \$1.28 of Federal financing.

Mr. Brock Adams, the Transportation Secretary, outlined the Administration's view to a House sub-committee which at the moment is considering a proposal to provide only \$600m. to the troubled railway. Created in 1976 out of some of the wreckage left by the collapse of the Penn Central, Conrail has already drawn about \$1.5bn. of its original \$2.1bn. entitlement.

The costs of replacing delapidated rolling stock, two harsh winters and the recent coal strike are stalling Conrail's struggle for profitability.

The House sub-committee was told yesterday by Mr. Donald Cole, president of the U.S. Railway Association that Conrail could yet require more than another \$1.28bn.

Conrail's projection of a financial recovery over the next five years are based on "rather optimistic" assumptions, said Mr. Cole, which included an expectation of steadily increasing traffic.

Mr. Adams has said that he sided.

NE WYORK, April 12.

always thought that the original \$2.1bn. allocated to the railway would be inadequate and he acknowledges that the extra \$1.28bn. might not be enough.

The Administration is currently trying to devise a more consistent policy towards railways and for the two networks for which it has financial responsibility, Conrail and Amtrak.

Its main worry is that the Government's commitment may become open-ended and it is under strong pressure from Congressional supporters of road transport to limit what is claimed to be an "anti competitive" subsidy.

New products boost Burroughs

DETROIT, April 12.

FIRST quarter results from Burroughs Corporation disclose an improvement in the rate of earnings progress compared with both the final quarter and the whole of fiscal 1977.

The first quarter of 1978 has returned net earnings increased by 18 per cent. over the comparable period to \$33.5m, or 83 cents a share against 70 cents a share in the first quarter of 1977.

Mr. Paul S. Mirabito, the chairman, said that the increase in orders in the first quarter reflected a continuation of the good order levels recorded in the last three quarters of 1977. He also said that worldwide backlog had increased by 10 per cent. since the beginning of this year.

New products, in particular the expansion of Burroughs 800 series, contributed significantly to the gain in sales during the final quarter of last year. To-day's figures show that, while the rate of increase in sales has remained the same in the first quarter of this year, earnings are piling away from the 15 per cent. gain reported in last year's final three months.

For the whole of fiscal 1977, earnings showed a 16 per cent. gain, to \$215m, on sales increased by 12 per cent. to \$2,130m.

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DETROIT, April 12.

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RCA heads for further record year

NEW YORK, April 12.

TURNING IN record first quarter earnings, RCA Corporation says it expects 1978 to be another peak year after the \$247m. earned on revenues of \$532m. during 1977.

The company's 10-day reported record first quarter earnings of \$54.9m, or 99 cents per share diluted, compared with \$43.5m. or 81 cents per share on a fully diluted basis for the same year-ago period.

Improved earnings for 11 of its operating subsidiaries, according to the company, more than offset the decline in earnings caused by weak prime-time ratings in the television season now ending.

RCA said "NRC is still profitable," and the company is optimistic for its long-term future, "after its new management takes hold."

Major banks report first quarter profit well ahead

BY STEWART FLEMING

Morgan and First National Boston Corporation have both reported sharp increases in first quarter earnings. The improvement in the profits of J. P. Morgan are particularly significant since they follow a sluggish year's growth in 1977 when net income rose by just under 8 per cent. for the year and only 1.5 per cent. for the first quarter.

J. P. Morgan's earnings for the first quarter of 1978 after deducting securities losses of \$1.3m. were \$59.3m., an increase of 18.1 per cent. compared with the \$50.2m. earned last year after a \$2m. securities gain. Income per share for the first quarter is \$1.46 compared with \$1.24 in the same period of last year.

Commenting on the reasons underlying the improved performance, the bank said that net interest earnings increased from \$160.2m. to \$168.9m. reflecting a higher volume of interest-earning assets (\$25.1bn. against \$23.0bn.). Larger holdings of tax exempt securities, interest bearing deposits at banks and loans at foreign offices accounted for the major portion of the increased volume.

In terms of non-interest income, the bank reported a very sharp rise from \$22m. to \$71m. Foreign exchange trading income which comes in this category, increased from \$6m. to \$12.4m. and there was a \$7m. increase in other operating income, reflecting in particular fees and commissions earned in foreign offices.

The bank reduced slightly its quarterly provision for loan losses—from \$12.9m. to \$10.5m.—but charge-offs were also down, from \$12.3m. in the first quarter of last year to \$7.2m. in the latest period.

Meanwhile First National Boston Corporation reports first quarter operating net ahead by over 90 per cent. at \$1.18 per share against 77 cents for the same 1977 period. Before securities transactions, income was \$14.4m., sharply up on the \$9.3m. comparative figure.

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Securities losses in the 1978 quarter came in \$54,000, bringing the final net to \$14.4m. or \$1.17 a share. This was a turnaround from the same period in the previous year when securities gains added \$124,000 to the operating net and 1 cent to the per share figure.

Bendix looks for full year advance

SOUTHFIELD, April 12.

BENDIX Corporation expects revenue and earnings for its second quarter ended March 31 will "surpass" the record results of the same period last year. Mr. William M. Agee, chairman and president, said. The chairman did not suggest specific figures.

In the year earlier second quarter, Bendix reported net income of \$29.9m. or \$1.34 a share on revenue of \$836.3m.

Bendix second quarter earnings might not exceed last year's record results because of severe weather in the mid-west and north east which had forced the company to close for varying periods "more than a dozen" plants.

Mr. Agee said that Bendix continues to predict record revenue and earnings for the fiscal year ending September 30, AP-DJ

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AMERICAN QUARTERLIES

BANCAL TRI-STATE			COLT INDUSTRIES			HOST INTERNATIONAL		
First Quarter	1978	1977	First Quarter	1978	1977	First Quarter	1978	1977
Revenue	3.9m.	1.3m.	Revenue	421.0m.	358.0m.	Revenue	70.9m.	57.5m.
Net profits	1.09	0.03	Net profits	16.0m.	11.0m.	Net profits	2.7m.	1.8m.
Net per share	1.09	0.03	Net per share	1.68	1.17	Net per share	0.48	0.32
BAXTER TRAYENOL LABS.			GANNETT CORPORATION			HYATT CORP.		
First Quarter	1978	1977	First Quarter	1978	1977	First Quarter	1978	1977
Revenue	229.0m.	195.0m.	Revenue	145.5m.	118.8m.	Revenue	145.5m.	118.8m.
Net profits	21.0m.	17.0m.	Net profits	15.2m.	12.4m.	Net profits	15.2m.	12.4m.
Net per share	0.82	0.51	Net per share	0.57	0.47	Net per share	0.57	0.47
CELANESE CORP.			GT. WESTERN FINANCIAL			KATON ALUM. & CHEM.		
First Quarter	1978	1977	First Quarter	1978	1977	First Quarter	1978	1977
Revenue	807.0m.	546.0m.	Revenue	20.9m.	16.3m.	Revenue	545.3m.	523.5m.
Net profits	19.0m.	11.0m.	Net profits	1.40	1.10	Net profits	24.5m.	23.9m.
Net per share	1.25	0.74	Net per share	1.40	1.10	Net per share	1.20	1.18
CERTAINTED			HILTON HOTELS			U.S. TRUST OF N.Y.		
First Quarter	1978	1977	First Quarter	1978	1977	First Quarter	1978	1977
Revenue	203.0m.	160.0m.	Revenue	100.5m.	88.5m.	Revenue	1.96m.	1.87m.
Net profits	15.0m.	8.0m.	Net profits	12.7m.	9.5m.	Net profits	0.65	0.62
Net per share	0.94	0.53	Net per share	1.00	0.66	Net per share	0.65	0.62

EUROBONDS

Floating rate notes remain firm

BY FRANCIS GILES

The dollar market remained quiet yesterday with generally reporting little change. The floating rate note market on the other hand continued to show some activity, with the French borrower Deutsche Bank being quoted at a bid of 100.00, the state of the market is being managed by West-german Landesbank carries an indicated coupon of 8 per cent. The bonds will mature in 1990 and will have an average life of 10 years and a half year.

Meanwhile Bayerische Vereinsbank is arranging a DM40m. convertible bond for Sanyo Electric. Maturity will be eight years and the coupon is expected to be 4 per cent. The Ministry of Finance in Tokyo is understood to be insisting that the conversion premium be fixed higher than 10 per cent.

The KD7m. for Banco Nacional de Omas y Servicios Publicos of Mexico was priced at par. Other conditions include a coupon of 8 1/2 per cent. and a 12 year maturity. The bond has been arranged by Kuwait International Investment Company.

In its annual report published yesterday the Luxembourg based Eurobond clearing system Cedel writes that the Eurobond market set a new record last year with a volume of new paper issued at over \$15bn., a 24 per cent. increase on the 1976 figure. The diversification of currencies in which bonds were denominated was one of the salient features of the year, the other one being the expansion of the Deutsche mark issue which increased its share of the market to 27.5 per cent.

Bank of Montreal

Established 1817  
Dividend No. 478

Notice is hereby given that a dividend of twenty-six and one half cents per share on the paid up capital of this institution has been declared for the current quarter payable 30th May, 1978 to share holders of record, as at the close of business 28th April, 1978.

Shares not fully paid for by 28th April will rank for the purpose of the said dividend to the extent of the payments made on the said shares on or before that date.

By order of the Board  
R. Muir,  
Vice-President and Secretary.

Textron plans market buying

PROVIDENCE, April 12.

TEXTRON plans to buy up 266,834 shares of Allied Chemical common from time to time on the open market.

The shares will replace those which Solvay et Cie has elected not to sell to Textron in the 1978 first quarterly instalment of the previously reported agreement between Textron and Solvay. AP-DJ

U.S. \$30,000,000

Union Oil Company of California

Notes due 1986

Warburg Paribas Becker Incorporated

In conjunction with

S. G. Warburg & Co. Ltd.

Kowloon Electricity Supply Company Limited

US \$390,000,000

Medium Term Loan

to provide finance for contracts between

Kowloon Electricity Supply Company Limited

and

GEC Turbine Generators Limited

and other U.K. suppliers for the supply of capital goods and associated services in relation to a new 700 MW power station at Tap Shek Kok in Hong Kong and up to 300 MW of gas turbines

with the payment and funding guarantee of

Export Credits Guarantee Department of the United Kingdom

arranged and managed by

J. Henry Schroder Wagg & Co. Limited

provided by

Standard Chartered Bank Limited

The Hongkong and Shanghai Banking Corporation

The Chase Manhattan Bank, N.A.

Citibank N.A.

Morgan Guaranty Trust Company of New York

Barclays Bank International Limited

Lloyds Bank International Limited

Midland Bank Limited

International Westminster Bank Limited

Bank of America N.T. & S.A.

Bankers Trust Company

Chemical Bank

Continental Illinois National Bank and Trust Company of Chicago

The First National Bank of Chicago

Irving Trust Company

Manufacturers Hanover Trust Company

J. Henry Schroder Wagg & Co. Limited

Agent Bank

J. Henry Schroder Wagg & Co. Limited



## INTERNATIONAL FINANCIAL AND COMPANY NEWS

## Philips sees maintained growth in sales volume

BY CHARLES BATCHELOR

EINDHOVEN, April 12.

PHILIPS, the Dutch-based international electrical group, expects volume sales to increase by about 7 per cent this year — the same rate as in 1977. However, the fall in the value of many currencies against the guilder is expected to lead to a lower rate of increase in sales by value — which rose only 2 per cent, to Fls.31.16bn. last year.

Cost increases, pressure on sales prices and inadequate use of capacity mean it will be a "great challenge" to achieve any substantial improvement of profitability in 1978. Profitability, measured as after-tax profit as a percentage of sales, was unchanged at 2.2 per cent in 1977.

Philips sells in 64 countries. The increase in demand in the industrialised world is expected to be insufficient to allow industry to make adequate use of capacity.

The company expects sales of electronic and electrical consumer goods to make the largest contribution to growth this year. This division, which includes television and radios and audio and video recorders, achieved only 1 per cent sales growth in 1977 while trading profit as a percentage of deliveries rose to 9.6 per cent from 8.9 per cent.

The break-down by sector shows the lighting and batteries division with the greatest rate of increase over the year before. Trading profit as a percentage of deliveries rose to 9.6 per cent from 8.9 per cent.

Sales rose to Fls.31.16bn., equal to about 10 per cent of group sales. Profitability was highest in the domestic appliances

sector, rising to 9.8 per cent from 9.2. Sales were only 1 per cent higher, however, at Fls.3.3bn.

The geographical break-down showed that profitability ranged from minus 0.4 per cent in Australia to 14.3 per cent in Latin America.

The poor result in Australia, where sales, expressed in guilders, fell 19 per cent, was due to the deteriorating economic situation and the downturn in the previously booming colour television market. The high rate of return in Latin America was needed to cover financing costs with interest rates as high as 40 per cent in Brazil and 90 per cent in Argentina.

The 13 per cent increase in 1978 net profit to Fls.634m. was helped by a lower tax charge and an improvement in the results of non-consolidated companies. The fall in the tax charge to Fls.491m. from Fls.610m. was partly due to the company being able to compensate for previous tax losses and to the fact that, in 1976, a provision for restructuring was not tax-deductible.

Philips minority participation, Matsushita Electronics Corp., accounted for more than half of the improvement in the profits of non-consolidated companies to Fls.42m. from Fls.600,000 in 1976.

## Conti-Gummi holds out hopes of early dividend resumption

BY GUY HAWTHIN

FRANKFURT, April 12.

A MAJOR recovery in profits in 1977 is announced by Continental Gummi-Werke, the largest tyre manufacturer in West Germany. The company also held out hopes to-day for a return to dividend payments in the current year.

Group profits rose by DM10.3m. to DM25.7m. (\$12.8m.). This, together with some DM55.5m., will be used to cancel out the losses of DM58.2m. (\$44m.) accumulated in the three years from 1972 to 1974.

There are also hopes that 1978 will see an end to the run of six dividendless years. The report said that the dip into reserves and the improved 1977 profits laid the basis for a possible profits distribution if the concern managed to continue operating at a profit throughout the year.

Overall turnover rose by 5.5 per cent, to about DM1.5bn. in 1977. Sales are expected to grow at about the same level this year.

The West German tyre market has proved a magnet for imported products and virtually all of the big tyre producers have had serious trouble. More than half the replacement tyres sold in the Federal Republic are now imported and the importers are also making inroads into the industry's most important market — the motor manufacturers themselves.

## Deutsche Bank operating profits increase by 23%

BY OUR OWN CORRESPONDENT FRANKFURT, April 12.

DEUTSCHE BANK, West Germany's largest commercial bank, has reported 1977 operating profits up 23.4 per cent in contrast to 1976's 12.3 per cent decline. Net earnings rose only slightly after increased tax stemming from corporation tax reform.

F. Wilhelm Christians, joint spokesman for the executive Board, said that 1976 was also expected to be a successful one. In the first quarter of the year, there had been, as always, a decline in the bank's balance sheet total, but the drop of DM1.3bn. was much smaller than usual.

Operating profits in the first two months of the year had shown a similar pattern to 1977, he said. Although interest margins had been squeezed to 2.44 per cent, profits from the bank's trading on its own account had been "noticeably good".

According to Herr Christians, the decisive factor in last year's performance was the 15.5 per cent average increase in business volume throughout the year. By the year's end, it was up 18.1 per cent to DM10.9bn. or DM7.7bn. in contrast with 1977, interest earnings (up 14.6 per cent to DM1.94bn.) covered the personnel costs, up 8.7 per cent to DM1.5bn. (\$39.15m.), and material costs, which rose 6.4 per cent to DM417m. Commission earnings from the service sector increased by 10.5 per cent to DM591m.

The parent bank's total assets rose by 16.7 per cent, to DM11.2bn. to DM7.8bn., while the group's balance sheet total went up 18 per cent from DM10.52bn. to DM12.42bn.

Hardly surprising in view of the state of the West German economy, the parent bank's credit volume in 1977 grew at a much slower rate than in 1976. It rose by an overall 8.7 per cent, compared with the previous year's 21.9 per cent, to DM45.3bn.

Net profits were up from the previous year's DM280m. to DM282.5m. The bank's tax bill, however, increased from 1976's DM292.3m. to DM332.6m., of which DM315m. was attributable to taxes on income, profits and assets. Last year this had amounted to DM2.79m. and the bank commented that the rise was mainly attributable to corporation tax reform.

## Interest in \$ Eurobonds picks up

DUSSELDORF, April 12.

INTERNATIONAL interest in dollar Eurobonds investment appears to be reawakening as a result of the widening of the gap between U.S. and German interest rates and the feeling that the dollar may recover against the Deutschmark. Westdeutsche Landesbank Girozentrale Management Board vice chairman, Walter Seipp said.

The dollar should reassert itself as the main currency in the Eurobond market and the 60 per cent of issues denominated in marks over the last few months was unusually high, Mr. Seipp said.

There had been some movement by central banks into short term dollar securities and deposits over the period of dollar weakness, but he had detected no large scale movement recently of official holdings from dollars into marks.

Some recent medium term deals had been completed at spreads over Libor as little as 1 per cent, but Westdeutsche in principle was not prepared to sign on loans at under 1 per cent.

## Why Mr. Healey turned to New York for funds

BY WILLIAM HALL

IT IS easy to dismiss the British Government's decision to tap the New York foreign bond market as a fairly harmless publicity gimmick. It is always nice to have a Triple A rating — it makes a useful international status symbol.

However, although the \$350m. issue is peanuts in relation to the U.K.'s total foreign borrowings of close to \$20bn., the move is always a lot of sense. By going through the lengthy procedure of being vetted by the New York rating agencies, the U.K. Government has won itself an entrée to the largest capital market in the world.

At the moment there might be slightly cheaper sources of government money in the Eurobond market but the big attraction of the U.S. market is that it does not suffer the same sort of hiccup as the latter — the money is always available. In addition, it is possible to raise longer term money. Whereas Eurobond investors do not like investing for much over 12 years the U.S. bond market can provide funds for up to 25 years. Consequently, the British Government has much more scope for extending the maturity pattern of its borrowings in New York.

The other obvious advantage about the New York foreign bond market is that it is normally cheaper. A Triple A domestic borrower could expect to raise seven-year money at 8.35 per cent at the moment, which compares with yields on U.K. gilt-edged stocks of an equivalent maturity of over 10 per cent. Meanwhile, the gap between the cost of 15-year money in the U.S. and the U.K. is over three percentage points currently.

Finally, in terms of fees and commissions, tapping the New York foreign bond market is a considerably cheaper exercise than in the Eurobond market. As a rule of thumb a borrower in the U.S. expects to pay total fees (management, selling commission, underwriting etc.) of about 0.65 per cent for seven-year money against 2.1 per cent in the Eurobond market.

Apart from the Canadian and various international agencies

## FOREIGN BONDS ISSUES IN THE U.S. 1970 to 1977 \$bn.

Canada	Other	Total
0.9	0.3	1.2
0.4	0.5	0.9
1.0	0.3	1.3
0.9	0.1	1.0
2.0	1.3	3.3
3.1	1.4	4.5
6.2	4.4	10.6
2.9	4.3	7.3

Source: Morgan Guaranty Trust Co.

Other foreign bond issues in New York but it is more generally used to describe only those issues which used to be subject to the Interest Equalisation Tax. This means that the big Canadian borrowers are left out of calculations of the size of the Yankee bond market. Nevertheless, using this strict definition, the amounts raised are still significant, and are probably running at around \$2.5bn. annually.

So far the lion's share of all issues have either been for sovereign governments or government-owned agencies and virtually all of them have had Triple A ratings. France has been a heavy borrower, particularly the various state agencies such as Electricité de France and Caisse Nationale de Télécommunications. In addition, the governments of Norway, Australia, Finland, New Zealand, Sweden and Venezuela have come to the market. Only two countries — Mexico and Brazil — have not been rated by the

## Spain plans \$3bn. borrowing

BY FRANCIS GHILES, RECENTLY IN MADRID

PUBLIC and private Spanish borrowers will have to limit the amount of money they raise in the international capital markets this year to \$3.1bn. which is about \$1bn. more than in 1977. By the end of the year Spain's gross debt should stand at \$15.3bn., with public borrowers maintaining their proportion of the funding at 59 per cent.

Repayment of the debt contracted so far imposes a heavy burden on the country for some years to come: 13.5 per cent of the debt has to be repaid this year, 18.5 per cent next year, 30 per cent in 1980, a percentage which will decrease in the two following years but rise again, sharply, to 28 per cent in 1983.

These figures were given by Sr. Toribio, director general of Financial Policy at the Ministry of Economic Affairs at a two day conference, the second of its kind organised by Banca Mas Sarda in Madrid and devoted to international financing.

Sr. Toribio also stressed that Spain was in the process of diversifying the sources of its financing: it had already raised loans denominated in yen in Japan and is known to be considering approaching the New York market. However, a rating

has not yet been given by the leading U.S. agencies.

The Director General also said that a reappraisal of the country's foreign debt policy had been initiated after the elections held in June last year when it became clear that Spain could not go on accumulating debts at any price and on any conditions as if borrowing abroad amounted to no more than a marginal factor in the management of the economy. It seemed illogical to test the limits of Spain's solvency. A coherent strategy was needed and Sr. Toribio outlined his view of what it should be.

The balance of payments should not show deficit although a deficit on the current account was permissible. The flow of foreign investment should suffice to cover this deficit and interest payments on the debt contracted so far. Borrowing on international capital markets would be used to redress the existing debt on the best terms available.

In the past nine months, Spain's reserves have nearly doubled: they stood at \$7bn. at the end of March. Interestingly, Sr. Toribio did not refer to the balance of payments going on between various ministries and was to go before it can agree among itself on a clear economic strategy.

23rd March, 1978



## The Republic of Costa Rica

US\$ 20,000,000  
Floating Rate Notes 1985

Banque Nationale de Paris

Citicorp International Group

Credit Suisse White Weld Limited

First Boston (Europe) Limited

Merrill Lynch International &amp; Co.

Westdeutsche Landesbank Girozentrale

Alhili Bank of Kuwait (K.S.C.)	Algemeine Bank Nederland N.V.	Amex Bank Limited
The Arab and Morgan Grenfell Finance Company Limited	Banca Commerciale Italiana	Banca Nazionale del Lavoro
Banco Santander Finance, Genève	Banco Urquijo-Hispano Americano Limited	Bancos Internacionales S.A.
Bank of Helsinki Ltd.	Bank Mess & Hope N.V.	Bankers Trust International Limited
Banque Française du Commerce Extérieur	Banque de l'Indochine et de Suez	Banque Internationale à Luxembourg S.A.
Banque Internationale pour l'Afrique Occidentale (BIAO)	Banque de Paris et des Pays-Bas	Banque Populaire Suisse S.A. Luxembourg
Banque Rothschild	Banque de la Société Financière Européenne	Banque Worms
Baring Brothers & Co. Limited	Bayerische Vereinsbank	Bergens Bank
Caisse Centrale des Banques Populaires	Centrale Rabobank	Chase Manhattan Limited
Continental Illinois Limited	County Bank Limited	Crédit Commercial de France
Creditanstalt-Bankverein	Daiwa Securities Europe N.V. International	DBS-Daiwa Securities International Limited
Dean Witter-Reynolds	Den Norske Creditbank	Dillon Read Overseas Corporation
E. F. Hutton & Co. N.V.	Euro-Latinamerican Bank Ltd.	European Banking Company Limited
Hill Samuel & Co. Limited	IBJ International Limited	International Mexican Bank Limited
Kjohenhavn Handelsbank	Kreditbank N.V.	Kreditbank S.A. Luxembourg
Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.)	Lazard Brothers & Co. Ltd.	Lloyds Bank International Limited
Loeb Rhoades, Hornblower International Limited	Manufacturers Hanover Limited	Samuel Montagu & Co. Limited
Morgan Grenfell & Co. Limited	Morgan Stanley International Limited	National Bank of Abu Dhabi
National Bank of Kuwait S.A.K.	New Japan Securities Europe Limited	The Nikko Securities Co. (Europe) Ltd.
Nippon European Bank S.A.	Nomura Europe N.V.	Oesterreichische Länderbank
Pan Asian Finance Limited	J. Henry Schroder Wagg & Co. Limited	Skandinaviska Faskilda Banken
Smith Barney, Harris Upham & Co. Inc.	Société Générale Barclay (Overseas) Ltd.	Société Générale
Société Générale de Banque S.A.	Sumitomo Finance International	Svenska Handelsbanken
Swiss Bank Corporation (Overseas) Limited	Taiyo Kobe Finance Hong Kong Limited	Trade Development Bank, London Branch
Union Bank of Finland Ltd.	United International Bank Ltd.	J. Vontobel & Co.
Wobaco Investments Limited	Wood Gundy Limited	Yamaichi International (Nederland) N.V.

This announcement appears as a matter of record only.

\$50,000,000

## Twentieth Century-Fox Film Corporation

10 1/4% Subordinated Debentures due 1998

Lehman Brothers Kuhn Loeb	Blyth Eastman Dillon & Co.
Bache Halsey Stuart Shields	The First Boston Corporation
Drexel Burnham Lambert	Goldman, Sachs & Co.
Kidder, Peabody & Co.	Lazard Frères & Co.
Merrill Lynch, Pierce, Fenner & Smith	Paine, Webber, Jackson & Curtis
Salomon Brothers	Smith Barney, Harris Upham & Co.
Wertheim & Co. Inc.	White, Weld & Co.
Bear, Stearns & Co.	New Court Securities Corporation
L. F. Rothschild, Unterberg, Towbin	Shearson Hayden Stone Inc.
ABD Securities Corporation	Atlantic Capital Corporation
Basle Securities Corporation	EuroPartners Securities Corporation
Scandinavian Securities Corporation	SoGen-Swiss International Corporation
McLeod, Young, Weir,	Wood Gundy

April 13, 1978

مكاتب التمويل



## INTERNATIONAL FINANCIAL AND COMPANY NEWS

## NEW FOREIGN BOND ISSUES

## Americans move to test the market

BY DOUGLAS RAMSEY

LEAST two large American companies are interested in issuing yen foreign bonds. Apart from Citicorp, Sears-Roebuck recently asked Nomura Securities to arrange a yen placement in Tokyo.

MOF has let it be known for some time that it will look favourably on issues by private foreign organisations although it now only Government and guaranteed borrowers were given access to the markets for public and private issues.

A process of granting access to private companies, however, proved more difficult than MOF anticipated. In particular, the MOF and market participants are still working out a system for rating the creditworthiness of private borrowers. A Securities Committee involved in the move is that the ratings will be "informal," and would basically be "class A" borrowers with funds without a guarantee that is, unimpaired. The committee says that MOF "stands" for credit rating will be

circulated within a few weeks, and that a first formal authorisation (probably for Sears-Roebuck) will follow shortly.

Foreign interest in the Tokyo capital market is on the rise, not least because Japan is actively trying to promote capital exports. According to a Citicorp official, "interest rates on yen are very attractive and probably near a cyclical low." Private borrowers of yen could look forward to raising capital with a 6.5 per cent coupon on a ten-year borrowing. The official insisted, however, that it would be the start of a long-term pattern of borrowing in the yen market and would not preclude future equity issues in Japan.

"We are interested in the Tokyo market both for stock and long-term debt as part of our basic long-term funding strategy," Citicorp officials approached Japanese authorities in New York last month, and the company's representatives in Japan will shortly take up the matter with the MOF in Tokyo. Once the MOF has signalled the green light, Citicorp will choose between several underwriters

with which it has already discussed the placement.

Citicorp and other prospective borrowers in Tokyo, however, are attempting to clear away some obstacles which might impede their issues. For instance, the MOF initially indicated that it would like all private corporate issues to be guaranteed by the floating of mortgage bonds. MOF officials may now get rid of this barrier by applying the mortgage-formula only to second-class borrowers.

Still unresolved, however, are the MOF's guidelines for use of yen borrowed in Tokyo. In the case of Government borrowers, the yen is converted into foreign currency and repatriated to the borrowing country. In the case of interested private borrowers, however, a substantial portion of funds might be kept in Japan to fund Japanese operations. Thus, the beneficial effect of yen flotations on Japan's outward flow of capital might be less than MOF would like.

All the potential borrowers will seek assurances from MOF that they are free to allocate the proceeds of bond issues

TOKYO, April 12.

as they see fit in or out of Japan, but it is expected in Tokyo that the MOF will insist on a compromise by informally asking that a certain percentage of capital raised be converted to foreign currency and exported.

Mary Campbell adds: Japanese securities sources in London said yesterday that a decision has been taken to exempt issues by foreign companies on the Japanese bond market from withholding tax.

This could be important for foreign investors—the withholding tax can range up to 20 per cent depending on double taxation agreements between Japan and the country in which the investor is resident.

Since three-quarters of all foreign bond issues have to be placed in Japan, the tax is also important from the point of view of placing the bonds with Japanese investors. Individual investors in Japan can hold up to ¥3m. worth of bonds free on a tax basis, but it is important that issues by foreign companies could qualify to be included in these holdings.

## GKN in Giestro reorganisation

BY RICHARD ROLFE

IN A R4.5m. (\$ ) deal, GKN and Dorman Long Vanderbil Corporation (Dorbyl) have rationalised their holdings in the local company Giestro Industries, which operates in the engineering field, producing automotive components and forgings. Dorbyl at present holds 50 per cent of Giestro via its Rureby Owen subsidiaries, and GKN holds the rest.

The deal provides for Dorbyl, which has 7.8m. shares in issue, standing at 625 cents, to issue a further 50,000 shares, valued at 21.75m. ringgits in a wholly-owned subsidiary of GKN.

The Preferred Ordinary shares are to be priced at 370c against 30c for Barlow Rand's Ordinary shares. They will pay a dividend of 30c, compared with

South Africa in return for its 50 per cent of Giestro. The shares in question will be issued at 1.211 cents per share, almost twice the market price, but in line with Dorbyl's net assets value of 1.233 cents per share.

In addition, Giestro is to purchase from GKN assets which it leases at present, for a consideration of R1.1m. and will redeem a loan from GKN, amounting to R3m., over the next three years. "In certain of Giestro's existing product lines,"

Giestro is reported to have

JOHANNESBURG, April 12.

suffered last year from weak demand in the automotive industry, but expects to operate profitably this year. In part, this is likely to be due to improving car and commercial vehicle sales, which in the first quarter of 1978 rose up 10 per cent overall on 1977.

GKN retains its other main operating subsidiaries in South Africa, notably GKN Sankey, GKN Twislock, and GKN Mills, as well as various trade investments. GKN Twislock and GKN Mills were merged in December to form GKN Millsteel.

## Preferred ordinary in Barlow Rand plan

BY OUR OWN CORRESPONDENT

BARLOW RAND'S plan to finance its R27.5m. (\$32m.) purchase of 50 per cent of GEC South Africa by way of a rights issue, announced yesterday, contains an unusual share market instrument in the form of Preferred Ordinary shares, which are being offered to Barlow Rand shareholders in the ratio of five for 100. With 102m. shares in issue, just over 5m. of the new Preferred Ordinary shares will be issued.

The Preferred Ordinary shares are to be priced at 370c against 30c for Barlow Rand's Ordinary shares. They will pay a dividend of 30c, compared with

28c on the Ordinary shares, and so the respective yields are 8.7 per cent and 7.5 per cent. The Preferred Ordinary shares will automatically become convertible into Ordinary shares when the Barlow Rand Ordinary share dividend exceeds 30c.

Initial reactions from Barlow Rand's institutional shareholders were favourable to the 30c issue, which funds the bulk of the purchase price for GEC SA.

Cooper Motor ahead

Cooper Motor Corporation (Kenya) raised its net profit for

JOHANNESBURG, April 12.

1977 by 28 per cent, to EKI.33m. (\$3.4m.) from EKI.04m. in 1976, writes John Worral from Nairobi. Turnover increased by 22 per cent to EKI28.56m. (\$28m.) from EKI21.74m.

The company is to increase its authorised share capital from EKI2.5m. to EKI3.5m. by the creation of 15m. Ordinary shares of 5 shillings each.

Cooper Motors act as agents in Kenya for Volkswagen, Audi, Austin, Morris, Jaguar, Triumph, and Rolls-Royce, and have considerable interests in the Leyland commercial assembly plant in Nairobi, which assembles

SELECTED EURODOLLAR BOND PRICES  
MID-DAY INDICATIONS

STRAIGHT	Offer	STRAIGHT	Offer
Austria 1980	93 1/2	Switzerland 1980	93 1/2
Austria 1981	93 1/2	Switzerland 1981	93 1/2
Austria 1982	93 1/2	Switzerland 1982	93 1/2
Austria 1983	93 1/2	Switzerland 1983	93 1/2
Austria 1984	93 1/2	Switzerland 1984	93 1/2
Austria 1985	93 1/2	Switzerland 1985	93 1/2
Austria 1986	93 1/2	Switzerland 1986	93 1/2
Austria 1987	93 1/2	Switzerland 1987	93 1/2
Austria 1988	93 1/2	Switzerland 1988	93 1/2
Austria 1989	93 1/2	Switzerland 1989	93 1/2
Austria 1990	93 1/2	Switzerland 1990	93 1/2

DM BONDS	Offer	DM BONDS	Offer
Germany 1980	100 1/2	Germany 1980	100 1/2
Germany 1981	100 1/2	Germany 1981	100 1/2
Germany 1982	100 1/2	Germany 1982	100 1/2
Germany 1983	100 1/2	Germany 1983	100 1/2
Germany 1984	100 1/2	Germany 1984	100 1/2
Germany 1985	100 1/2	Germany 1985	100 1/2
Germany 1986	100 1/2	Germany 1986	100 1/2
Germany 1987	100 1/2	Germany 1987	100 1/2
Germany 1988	100 1/2	Germany 1988	100 1/2
Germany 1989	100 1/2	Germany 1989	100 1/2
Germany 1990	100 1/2	Germany 1990	100 1/2

## VONTOBEL EUROBOND INDICES

ICE INDEX	4.4.78	AVERAGE YIELD	4.4.78
4 Bonds	104.71	104.42	104.71
5 Bonds	104.71	104.42	104.71
5 Bonds	104.71	104.42	104.71
5 Bonds	104.71	104.42	104.71

FEDERATED  
Land and Building Company Limited

Year to 31st December, 1977

Profit before tax	£863,000	(£797,000)
Earnings per share	3.7p	(3.4p)
Dividend per share net	2.3p	(2.0p)

Extracts from the Statement of the Chairman, Mr. James H. P. Meyer.

- Sales last year were achieved during difficult trading conditions easily forgotten in today's much improved market.
- 1978 has started well with house sales buoyant. Indications are that this improved market could continue, but house buying depends upon confidence in the economy and upon the supply of mortgage funds. Profits for this year will depend very much on the house sales we will be able to achieve and could be affected if mortgage money is not freely available.
- The Company has a substantial land holding with a value well in excess of cost but the shortage of good sites coming on to the market is worrying.
- Rental income is now over £100,000 p.a.
- More than half the Shopping Centre in Kent will be open before Christmas, when the Sainsbury/British Home Stores operation will commence trading.



Copies of the Company's Report and Accounts can be obtained from the Secretary, Federated Land and Building Company Limited, Federated House, London Road, Dorking, Surrey, RH1 1SY.

مكازم الدول

All of these Securities have been sold. This announcement appears as a matter of record only.

U.S. \$50,000,000



MacMillan Bloedel Limited

9 1/4% Debentures Series K Due 1993

MORGAN STANLEY INTERNATIONAL  
BANQUE BRUXELLES LAMBERT S.A.  
DRESDNER BANK AKTIENGESellschaft  
UNION BANK OF SWITZERLAND (SECURITIES)

SWISS BANK CORPORATION (OVERSEAS)  
BANQUE DE PARIS ET DES PAYS-BAS  
PIERSON, HELDING & PIERSON N.Y.  
WOOD GUNDY LIMITED

ABU DHABI INVESTMENT COMPANY	ALGEMENE BANK NEDERLAND N.V.	A.E. AMES & CO.	AMEX BANK
AMSTERDAM-ROTTERDAM BANK N.V.	ANDRESEN'S BANK A.S.	ARNOLD AND S. BLEICHROEDER, INC.	
BACHE HALSEY STUART SHIELDS	BANCA COMMERCIALE ITALIANA	BANCA DEL GOTTARDO	
BANCA DELLA SVIZZERA ITALIANA	BANCA NAZIONALE DEL LAVORO	BANCO DI ROMA	
BANK OF AMERICA INTERNATIONAL		THE BANK OF BERMUDA	
BANK GUTZWILLER, KURT, BUNGENER (OVERSEAS)		BANK JULIUS BAER INTERNATIONAL	
BANK LEU INTERNATIONAL LTD.	BANK MEES & HOPE NY	BANKERS TRUST INTERNATIONAL	
BANQUE ARABE ET INTERNATIONALE D'INVESTISSEMENT (S.A.I.I.)	BANQUE FRANCAISE DU COMMERCE EXTERIEUR		
BANQUE GENERALE DU LUXEMBOURG S.A.	BANQUE DE L'INDOCHINE ET DE SUEZ		
BANQUE INTERNATIONALE A LUXEMBOURG S.A.	BANQUE NATIONALE DE PARIS		
BANQUE DE NEUFELISE, SCHLUMBERGER, MALLET	BANQUE DE PARIS ET DES PAYS-BAS (SUISSE) S.A.		
BANQUE POPULAIRE SUISSE S.A. LUXEMBOURG	BANQUE ROTHSCHILD		
BARING BROTHERS & CO.	BAYERISCHE HYPOTHEKEN- UND WECHSEL-BANK		
BAYERISCHE LANDESBANK GROSSENTRALE	BAYERISCHE VEREINSBANK JOH. BERENBERG, GOSSLER & CO.		
BERGER BANK	BERLINER HANDELS- UND FRANKFURTER BANK		
BRISACH PINSCHOP SCHOLLER	BURNS FRY		
CASANOVA & CO.	CHASE MANHATTAN		
COMPAGNIE DE BANQUE ET D'INVESTISSEMENTS (UNDERWRITERS) S.A.	CHEMICAL BANK INTERNATIONAL		
CONTINENTAL ILLINOIS	COUNTY BANK		
CREDIT INDUSTRIEL D'ALSACE ET DE LORRAINE	CREDIT INDUSTRIEL ET COMMERCIAL		
CREDIT DU NORD	CREDIT SUISSE WHITE WELD		
CREDITO ITALIANO (UNDERWRITERS) S.A.	DAI-ICHI KANGYO BANK NEDERLAND N.Y.		
RICHARD DAUS & CO. DELBRUCK & CO.	DEN DANKE BANK		
DEUTSCHE GROSSENTRALE	DG BANK		
DEUTSCHE KOMMUNALBANK	DEUTSCHE GENOSSENSCHAFTSBANK		
DOMINION SECURITIES	EFFECTUENBANK-WARBURG		
EUROBILITARE S.p.A.	FINACOR		
COMPAGNIA EUROPEA INTERMOBILIARE	FIRST BOSTON (EUROPE)		
ROBERT FLEMING & CO.	FUJII INTERNATIONAL FINANCE		
GENOSSENSCHAFTLICHE ZENTRALBANK AG	GENFINA INTERNATIONAL		
GROSSENTRALE UND BANK DER OSTERREICHISCHEN SPARKASSEN	GOLDMAN SACHS INTERNATIONAL CORP.		
GREENSHIELDS HAMBROS BANK	HANDELSBANK N.V. (OVERSEAS)		
HESSISCHE LANDESBANK	HILL SAMUEL & CO.		
ISTITUTO BANCARIO SAN PAOLO DI TORINO	JARDINE FLEMING & COMPANY		
KJOENHAVNS HANDELSBANK	KLEINWORT, BENSON		
KUHN LOEB LEHMAN BROTHERS	KUWAIT FOREIGN TRADING CONTRACTING & INVESTMENT CO. (S.A.K.)		
KUWAIT INTERNATIONAL FINANCE CO. S.A.K. "KIFCO"	KUWAIT INTERNATIONAL INVESTMENT CO. S.A.K.		
KUWAIT INVESTMENT COMPANY (S.A.K.)	LAZARD BROTHERS & CO.		
LAZARD FRERES & CO.	LLOYDS BANK INTERNATIONAL		
McLEOD, YOUNG, WEIR INTERNATIONAL	MERRILL LYNCH INTERNATIONAL & CO.		
E. METZLER SEEL SOHN & CO.	MITSUBISHI BANK (EUROPE) S.A.		
MORGAN GRENELL & CO.	NEDERLANDSCHE MIDDENSTANDSBANK N.V.		
NEUBANK	THE NIKKO SECURITIES CO. (EUROPE) LTD.		
SAL. OPPENHEIM JR. & CIE.	ORION BANK		
PETERBROECK, VAN CAMPENHOUT, KEMPEN S.A.	PAINE WEBBER JACKSON & CURTIS SECURITIES		
PEBANKEN	PRIVATBANKEN		
N.M. ROTHSCHILD & SONS	SALOMON BROTHERS INTERNATIONAL		
SKANDINAVISKA ENSKILDA BANKEN	SMITH BARNET, HARRIS UPHAM & CO.		
SOCIETE BANCAIRE BARCLAYS (SUISSE) S.A.	SOCIETE GENERALE		
SOCIETE GENERALE DE BANQUE S.A.	SOCIETE PRIVEE DE GESTION FINANCIERE		
SPARBANKERNAS BANK	STRAUSS, TURNBULL & CO.		
SVENSKA HANDELSBANKEN	TRADE DEVELOPMENT BANK		
VEREINS-UND WESTBANK	J. VONTOBEL & CO.		
WESTDEUTSCHE LANDESBANK	S. G. WARBURG & CO. LTD.		
GROSSENTRALE	TAMACHI INTERNATIONAL (EUROPE)		

April 5, 1978

All these securities have been sold. This announcement appears as a matter of record only.

New Issue

\$30,000,000

The Western Company of North America

10.70% Subordinated Debentures due April 1, 1998

Smith Barney, Harris Upham &amp; Co.

Bache Halsey Stuart Shields	The First Boston Corporation	Blyth Eastman Dillon & Co.
Drexel Burnham Lambert	E. F. Hutton & Company Inc.	Kidder, Peabody & Co.
Lazard Freres & Co.	Lehman Brothers Kuhn Loeb	Loeb Rhoades, Hornblower & Co.
Paine, Webber, Jackson & Curtis	Wertheim & Co., Inc.	Dean Witter Reynolds Inc.
Bear, Stearns & Co.	Ranscher Pierce Securities Corporation	L. F. Rothschild, Unterberg, Towbin
Shearson Hayden Stone Inc.	SoGen-Swiss International Corporation	UBS-DB Corporation

April 12, 1978

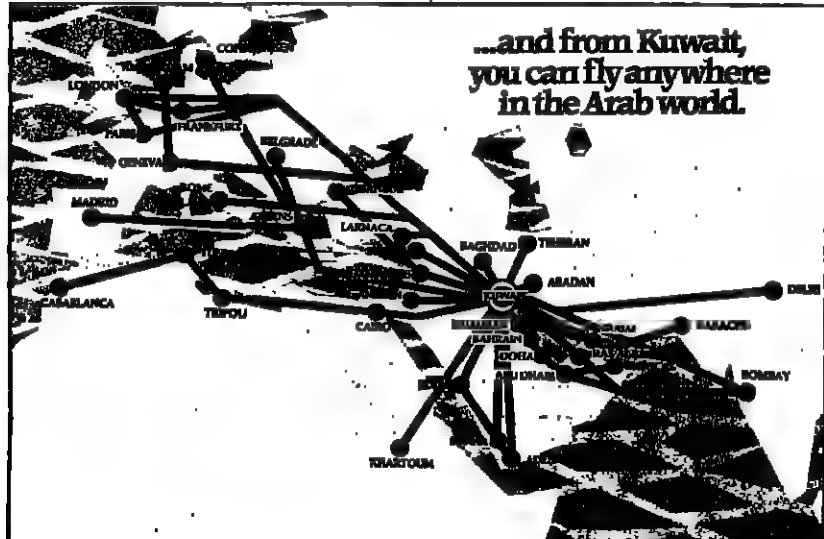


# Kuwait Airways really mean business in '78

More businessmen are flying to Kuwait with Kuwait Airways than any other airline.

And no wonder. To show you we mean business, we offer more firsts. As the national airline in the country that is the financial centre of the Arab world, we naturally put the businessman's needs first.

- FIRST to arrive.
- FIRST to see you through airport formalities.
- FIRST with a choice of menus.
- FIRST class service on board.
- FIRST with computerised reservations in the UK and Kuwait.



### The Businessman's 707

Fly Kuwait Airways—with business-like efficiency. We are completely refurbishing and refitting the interiors of our jets to give a wide-bodied look. You'll find more space, more comfort, and more service from our new-style uniformed hostesses.

So if you're statistics to study or a report to read up, you'll find the atmosphere conducive to thinking.

### The Businessman's Relaxation

Fly Kuwait Airways and arrive ready for business. We know you won't want to think business all through your flight. That's why we are the only airline with entertainment on every flight en route to Kuwait. We show films or you can tune into the latest in stereo sound. We're still the only airline to Kuwait to offer a choice of menus, too: three in First Class (always including caviar) and two in Economy.

### The Businessman's Promise

Fly your cargo by Kuwait Airways—we get it there first. Naturally, the national airline gives your cargo priority. We're there to see that it's unloaded on the day of arrival, and cleared through customs fast. Special handling all the way, and no delay, that's our promise.

### A Great Year Ahead for Businessmen

We've even more new developments in the pipeline for the near future. We're bringing into service our new Jumbo jets—the latest styling—the first businessman's Jumbo! And the opening of the new Kuwait Terminal, will make airport formalities as smooth, and as efficient, as your flight. So check with your travel agent and keep pace with Kuwait Airways—the airline that keeps pace with business.



### The Businessman's Punctuality

Fly Kuwait Airways and you arrive on time. Our record for punctuality is outstanding. Our Boeings depart daily at a businessman's hour! They leave on time, because they're ready and waiting overnight. They arrive on time, at an equally business-like hour.

### SUMMER SCHEDULE

	DEPART LONDON	ARRIVE KUWAIT
MONDAY	12:15	22:05
TUESDAY	12:15	22:05
WEDNESDAY	12:15	21:50
THURSDAY	12:15	22:05
FRIDAY	12:15	22:05
SATURDAY	14:45	22:45
SUNDAY	12:15	21:50

No complicated timetable to work out. All very simple and efficient. Now, with accurate computerised reservations in both the UK and Kuwait—your flight confirmation comes through faster.

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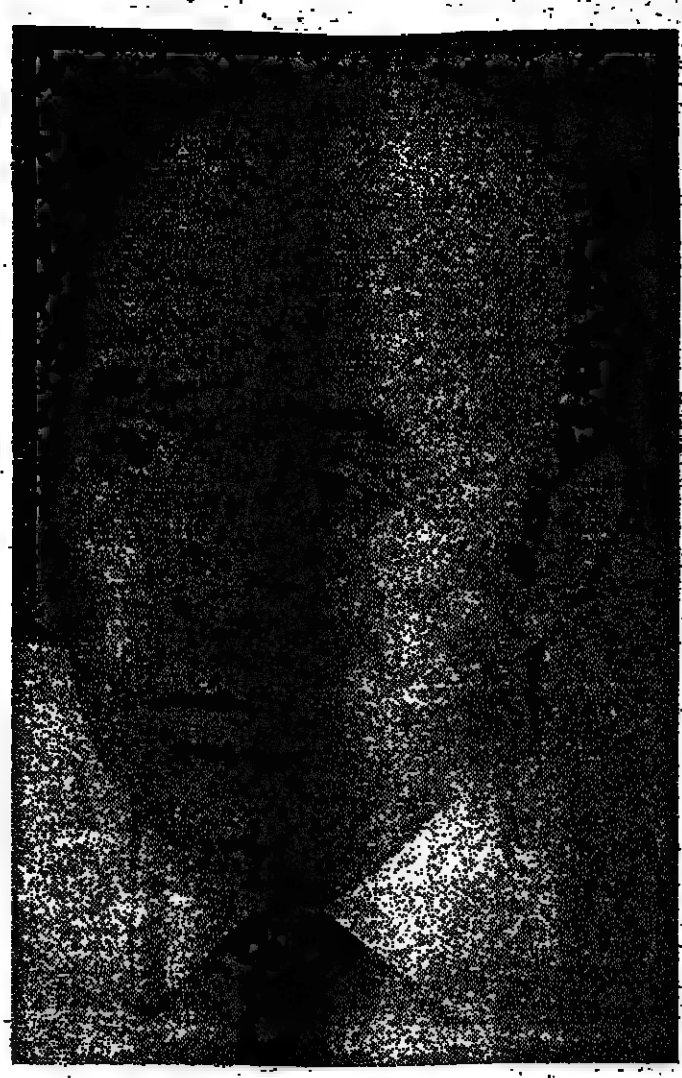
# BURMEISTER AND WAIN Triumph in Denmark

MR. JAN BONDE-NIELSEN, chief shareholder and executive director of the Danish Burmeister and Wain shipbuilding and marine engineering group, has just celebrated a considerable triumph. He has announced the merger of the shipyard and B and W Motor, which is one of the world's two leading manufacturers of large marine diesels. This brings all B and W's interests back under single ownership for the first time since 1971 and re-establishes one of Denmark's oldest and largest industrial companies in its historic form.

The shipyard and the motor factory were split up in 1971, when it was feared that the shipyard's position was so disastrous that it could cause the bankruptcy of the whole company.

Little progress was made in re-establishing the fortunes of either company until 1974, when Mr. Bonde-Nielsen bought a controlling holding in the shipyard at a knock-down price. His entry was greeted with scepticism. Critics either thought he was crazy or that he was out on an asset-stripping exercise.

The critics, however, have been silenced. After years of little or no profit, and drastically declining solvency, Mr. Bonde-Nielsen re-established group profitability and the new company formed by the merger, B and W Motor A/S, has equity capital of Kr.355m. (£34.5m.) out of total assets of Kr.1.27bn.



Mr. Jan Bonde-Nielsen: "We have only put in some good solid work."

### Bad times good

B & W officials like to make the interesting point that in good times B & W made no money, but in bad times they do. "We have not done anything exceptional. We have only put in some good solid work," said Mr. Bonde-Nielsen. Three aspects of this work stand out—the start which generated profits in the shipyard, a thoroughgoing management reorganisation, and a revolution in labour relations.

One of the first major decisions was to cancel orders for three tankers, enabling the shipyard to concentrate on serial production of bulkers. Although the loss-making company had to pay compensation, the move paid off handsomely with profits on 14 of the 60,000 dwt Panamax bulkers.

Good liquidity arising from advance payments on the bulk

carriers enabled the shipyard to acquire a majority share in the B & W motor factory again and since 1975 B & W has been run as a group, although still divided into three companies.

The next big move took place in late 1975 when B and W was broken up into divisions or profit centres. "Without the re-organisation there is no way in which we could have existed today," said Mr. Bonde-Nielsen. The aim of this move was to give each division a clearly defined task, usually focused on a particular product.

The foundry associated with the motor factory was closed last year because it was making big losses and had no prospect of becoming profitable; but only two of the remaining divisions failed to make profits in 1977, the diesel motor works itself and the group's new Hamlet Shipping Company, formed last year.

Although employment in the

Danish yard which has voluntarily cut back in the current crisis. There are now only about 300 building new ships out of a total of 5,000 employed by the group. It has for Hamlet multihull vessels in a 12,500 dwt class on order which will provide employment to early next year. "It is impossible to say whether the yard will still be there in two or three years' time, but we have a very clear desire to keep going," said Mr. Bonde-Nielsen. But the yard is now so sure that the group will not suffer financial terms if it has to close.

The factory making large marine diesels has reduced labour force from 1,200 to 400 and output from 16 to 10 motors a year, but the knowledge and the large number of companies abroad making B and W engines on licence make the motor factory a key element in the future B and W. It will keep running in low gear until demand improves.

### Expanding

The group's main objective has been, and remains, strengthening activities in which it has been engaged for many years by utilising technical resources and know-how. This means partly continuing traditional activities and partly expanding into new areas, for example the provision of diesel engines for power generation which a new division, B & W Contractor, is selling successfully in the Middle East.

The group has also gone into new activities, taking over Europe's biggest container manufacturers, I.W.T. Germany in 1977, and Botved Boats, a Danish motor cruiser firm this year. It has acquired a third share in Consolidated Home Industries, which engaged in television remote housing and home products industry in 30 countries. B & W also has a dominant shareholding in Mark Prodan, an American company making electronic geophysical equipment.

Mr. Bonde-Nielsen is confident about the group's future. It will be very difficult to improve earnings any further at the moment (Kr.77m. after tax on sales of Kr.1,920m. in 1977 and Kr.82m. on sales of Kr.1,950m. in 1978) but he believes that earnings will be maintained.

# Reliance Group...1977

Reliance Group, Incorporated and Subsidiaries/Financial Highlights  
Year Ended December 31

	1977	1976
Revenues	\$1,156,908,000	\$985,584,000
Operating income	\$ 54,617,000	\$ 20,135,000
Net realized gain on insurance investments	4,008,000	10,354,000
Income before extraordinary income	58,625,000	30,489,000
Extraordinary income—utilization of tax loss carryovers	23,667,000	4,867,000
Net Income	\$ 82,292,000	\$ 35,356,000
Per-share information:		
Operating income	\$6.17	\$1.75
Net realized gain on insurance investments	.52	1.41
Income before extraordinary income	6.69	3.16
Extraordinary income	3.09	.66
Net Income	\$9.78	\$3.82
Fully diluted net income	\$6.04	\$3.55
Average number of common and common equivalent shares outstanding	7,679,000	7,362,000

Per-share computations are after deduction of dividend requirements on the Series C Nonconvertible Preferred Stock.

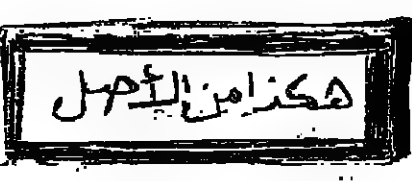
# Reliance Group, Incorporated 1977 Operations

<b>INSURANCE</b>		<b>Property and Casualty Operations, International</b>
Revenues	\$1,006,359,000	Pilot Insurance Company, Toronto
Divisional Pretax Operating Income	\$ 91,387,000	<b>Life and Health Operations, U.S.</b>
		Reliance Standard Life Insurance Company, Philadelphia
		General Casualty Company of Wisconsin, Madison
		United Pacific Life Insurance Company, Tacoma
		<b>Title Operations, U.S.</b>
		Commonwealth Land Title Insurance Company, Philadelphia
<b>LEASING</b>		<b>Computer Leasing Operations, U.S.</b>
Revenues	\$115,428,000	Leasco Capital Equipment Corporation, New York
Divisional Pretax Operating Income	\$ 27,232,000	<b>Computer Leasing Operations, International</b>
		Leasco Europe Ltd., New York
<b>Container Leasing Operations, Worldwide</b>		
CTI—Container Transport International, Inc., New York		
<b>MANAGEMENT SERVICES</b>		<b>Consulting and Software Operations, International</b>
Revenues	\$32,663,000	Inticon Limited, London
Divisional Pretax Operating Income	\$ 3,297,000	Fuel & Energy Consultants Limited, London
		Leasco Software Limited, Maidenhead
<b>Consulting Operations, U.S.</b>		Moody International, Inc., London
Werner Associates, Inc., New York		Werner International, Brussels
Yankelovich, Skelly and White, Inc., New York		

Last year, 1977, was one of important accomplishments for Reliance Group. We achieved record revenues, operating income after taxes and net income... This outlook is excellent in 1978 for further improvement in operating income after taxes.

*Paul P. Jenkins* Saul P. Steinberg  
Chairman and President  
Reliance Group, Incorporated

Reliance Group, Incorporated / 197 Knightsbridge, London SW 7, England / 919 Third Avenue, New York, NY 10022, U.S.A.









# Badminton booster • Civil mercenaries • Accountants

BY MICHAEL DIXON

THE FORMATIVE coaching I game growing in popularity all had in sporting activities never emphasised subtlety. "Their yare lad," some Mancunian voice would shout, "thump it" or "leather it" or—on the judo mat—"dump 'im." Consequently perhaps, the insubstantial waitings of badminton, however athletic, have never attracted me.

But 1m. children and 1.5m. adults in England alone evidently think differently. "A survey we did recently suggested that at least that many now play in school halls and so on," says the 85-year-old Badminton Association of England. "And although only about 110,000 players are so far linked with us, our membership has been growing by 250 clubs a season to the present total of 4,800."

Moreover, having narrowly beaten Denmark in the team event at the European championship in Preston this week, England can claim to be among the world's best, even though our players are outshone in the individual events—the men most noticeably by Indonesians, and the women by Japanese.

There remains in badminton the famous old difference, that our plays are amateurs receiving at best liberal expenses, while those of other countries tend increasingly to play professionally.

Given this trend, and with the

The association's 12-strong council under chairman Arthur Jones has apparently promised that, having engaged a professional manager to head its development, the committee will take notice of the newcomer's proposals. Brian Bisseker, who has been secretary since 1970, has agreed to support the incoming leader until his retirement soon.

"What I think would be ideal," Mr. Kingsford says, "is someone who has earned senior management rank in a big business by the age of 40-45 or so, and would now like to do something different. If need be at some loss of salary, in order to make a name individually. We shall certainly need somebody of considerable personal stature if the job's to be done properly."

Provided they are demonstrably successful business managers, Roy Kingsford adds, their precise background matters little.

"Experience in dealing with top people in overseas concerns seems important, and I suppose marketing would be a useful skill, and work that has provided a close understanding of professional sport would be a valuable advantage. But we don't want to miss the right person by carping about details."

The salary quoted is about £3,500, but I suspect that the association might go higher for an outstanding candidate. Perks

include non-contributory pension, and the base is in the London area.

Write for application form to Mr. Kingsford at Hyde Park House, 60a, Knightsbridge, London SW1X 7LE. He may be telephoned for further information on 01-235 6060.

## Worker-export

MANY SHIPS sent to Russia to support the Western forces' intervention in the civil war of the 1920s. Had Muslim crews. Ships were kept waiting in Archangel through Ramadan when Muslims must fast during daylight. But in the far northern port, it stayed daylight all the time. So numerous sailors began to starve to death.

Panic ensued until the administrators of the expedition managed to arrange with the appropriate Muslim leader for Archangel to have an "official night" during Ramadan, coinciding with the hours between sunset and sunrise in Mecca.

That incident—which shows that truly international personnel management is liable to unusual problems—came to mind this week when I met Mike Taylor, development manager of Overseas Recruitment Services. For a major recent development at ORS is the selecting, assembling and maintaining of big multi-

national workforces to build and/or staff new projects in other countries.

A subsidiary of the Alfred Marks Bureau which is now a part of the Swiss-based Adia Group, ORS is currently providing "civil mercenaries" for half a dozen projects in the oil-rich Middle East. They include three medical programmes, airport-construction, a power station, and a town-building operation.

In some cases the company takes the whole workforce—recruited with the help of Adia's 300 offices around the world—on to its own payroll for the project, and delivers, cares for and supervises them until the work is done. In other cases, ORS will recruit and undertake any or all of the other duties on behalf of the main contractor or the national agency in charge of the project.

While the territory is currently confined to the Middle East and the emphasis on construction, Mr. Taylor expects soon to become involved in providing expatriates to run new operations in their initial stages, while training indigenous staff. He expects, too, an increasing demand for similar workforces in the poorer nations of the world.

He also expects the mixed-culture aspect of the business to throw up unexpected management problems as tax-

ing, if not as morbidly bizarre, as the one which overtook the fleet in Archangel. Not least is the need to ensure—as the contract normally insists—that all the civil mercenaries leave the country in question when the job is done.

"Of the people in Kuwait at present, about 55 per cent aren't Kuwaitis. So you can appreciate the keenness to have project staff leave," Mike Taylor says.

But we set out to minimise the potential problems, at least on the market for an unskilled number of qualified accountants to be based in central London with the professional accountancy group of the Ministry of Agriculture, Fisheries and Food.

But I doubt that the Civil Service Commission can be content of filling the order. While an inordinate number of people seem—to a perhaps biased observer—to be flocking to the high job-security of the taxpayer's payroll, the Civil Service has difficulty in recruiting accountants, especially to work in London.

I doubt whether the reason can be the starting pay. The current intake, aged 27 or more, is a professional office, would be on a scale of £5,885-£6,885 soon to be raised to £6,444-£7,539 or thereabouts.

Also, the content of these jobs seems promisingly diverse. Those interested should write outline details to him at 37, Golden Square, London W1R 4AL, as a preliminary to receiving a detailed application form.

While we initially employ people only for the project in question, those that show they are good are pretty well certain to be offered something else when it's ending.

## Reluctance

THE CIVIL SERVICE is back on the market for an unskilled number of qualified accountants to be based in central London with the professional accountancy group of the Ministry of Agriculture, Fisheries and Food.

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Looking for more recognition, responsibility and rewards.

Honeywell I.S. Limited, who operate Britain's fastest growing commercial computer time-sharing service, have vacancies for men and women with a sound background and knowledge of International, Corporate and other areas of banking to assist further expansion of its operations within the banking community. With the MARK III Network Information Service, Honeywell have already made considerable inroads into the banking world and is now a worldwide leader in the provision of this type of management information system.

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You will have to demonstrate the ability to develop a thorough understanding of how the MARK III service can be applied to these and other functional areas of banking. You will be a graduate or of equivalent standard, in your late 20's already in banking but anxious to broaden your experience and career prospects in this way. Honeywell I.S. Ltd. is about to make a concentrated effort to further expand its operations into the banking world in parallel with their associate companies in other countries, and this is an ideal opportunity to make your mark with the market leader.

and the contribution you will make. A Company car is provided, in addition to the benefits attached to working for a major international company. If you feel you have the banking or financial expertise needed to make a success of this job, we would like to have a preliminary, informal meeting in confidence.

Ring Russel Murray on 01-242 9011 ext 255 or 275 and give brief details of yourself. We will then arrange a suitable time and date for interview. Alternatively, write with brief resume of your career to date indicating why you think you are suitable for this post to him at Honeywell I.S. Ltd., Network Information Services Division, 114-118 Southampton Row, London WC1R 5AB.



MARK III Network Information Service

Honeywell

## Thomas Cook

Chief Accountant  
Thomas Cook Bankers Ltd.  
Not less than £12,500

The travellers cheque and foreign money note activities of the Thomas Cook Group—a subsidiary of the Midland Bank—represent the prime responsibilities of Thomas Cook Bankers Limited. Turnover is substantial and increasing, and gives rise to a need to appoint a Chief Accountant (Bankers). The person appointed will be responsible to a Main Group Board Director controlling the group finance division and will be located at the Group's new international headquarters in Peterborough.

This appointment provides a challenging opportunity and demands a vigorous and resourceful fully-qualified accountant having potential for further career development.

Aged between 30 and 40, the ideal candidate would be a graduate and would have several years' experience in a senior accounting position in industry or commerce.

Responsibilities are broad and varied as the business operates on a worldwide basis. In addition to leading and controlling the division's accounting services involving a staff of some 140 in the United Kingdom, there is a functional responsibility for accounting units in New York, Paris, Melbourne and other overseas locations.

The successful candidate will need to have an international perspective and be prepared to travel as occasion demands.

Salary is negotiable—we would expect to meet the financial expectations of outstanding candidates.

Applicants, male or female, should write, with curriculum vitae to: R. Woodford, Group Personnel Director, The Thomas Cook Group Limited, P.O. Box 36, Peterborough, PE3 6SB.

## Senior Accountant

Malawi

K12,000-15,000 + 25% tax free gratuity

A new capital city has been established at Lilongwe to be in the centre of this attractive and stable country.

The Corporation, which is responsible for this spectacular development, is also responsible for the raising of finance and initially managing many current large capital projects including the international hotel and airport.

The accounting function for this development and project work is run by a small team of qualified staff of which this appointment is a part. The job requires candidates who can show technical

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The renewable three year contract carries an annual salary of 12,000-15,000 kwacha. There is also a tax free gratuity of 25% of salary, generous local and terminal leave, free housing, free medical aid and educational and other benefits.

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25-30

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- ★ Liaising with stockbrokers on research material for analytical purposes.

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01-353 7858

**Career plan**

## Financial Controller

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This is a key position and responsibility will be to the Board for the efficient operation of the financial and accounting functions of the group. The aims will be to increase efficiency and to provide management data.

Candidates must show an ability to contribute in practical terms to the group's profitability and demonstrate their capability of dealing at the very highest levels within the group.

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62 Wilson Street, London, EC2.

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Kemp-Gee & Co. require an additional person to join one of their established equity teams servicing important U.K. and Continental institutions.

Applicants must have had a minimum of three years' experience either as a broker handling institutional accounts or as a fund manager.

We are a research orientated firm, and the ability both to understand and to sell the research department's work to senior fund managers is essential.

A working knowledge of either French or German would be helpful.

Remuneration for this important appointment will be fully competitive.

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Our client, a member of the Accepting Houses Committee, seek Graduate Chartered Accountants and Commercial Lawyers with 1-2 years post-graduate experience in the profession. Knowledge of at least one European language would be an advantage. Only first-rate applicants with a good examination record will be considered.

Please write to:  
Beresford Associates Ltd.,  
Box A 6303, Financial Times, 10, Cannon Street, EC4P 4BY.

## INVESTMENT ANALYST

An investment career opportunity with the Canada Life Assurance Company is available for a young person aged under 30. Ideally candidates will be graduates with three to four years' experience in fund management or will have other investment experience.

The successful applicant will be required to spend a period at the Company's Head Office in Toronto which will precede taking a position of responsibility with an equity bias in a small but active team at the London Chief Office.

A competitive salary will be paid together with the normal fringe benefits associated with a leading Life Office.

Please apply in writing to:

Mr. M. R. Collett, Personnel Manager,  
THE CANADA LIFE ASSURANCE COMPANY,  
Canada Life House,  
High Street,  
Potters Bar,  
Herts. EN6 5BA.

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Office Manager Required

We are a medium sized firm of stockbrokers covering all aspects of the business, but predominantly concerned with private clients. We are looking for an Office Manager with experience in all fields of administrative management. We are partly computerised and the position would suit a person who is seeking a greater challenge and career satisfaction. Salary would be competitive, with the usual fringe benefits.

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Financial Times, 10 Cannon Street, EC4P 4BY

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مكاتب العمل



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Bume House, 88/89 High Holborn, London, WC1V 6LR  
Telephone: 01-242 7773

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## The Challenge:

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## The Job:

IFC Investment Officers identify and appraise proposed investments; negotiate and present proposals to the Board of Directors plus supervision of IFC investments, all within a multi-national and multi-disciplinary team.

## Requirements:

Candidates should possess a relevant degree and have at least five years' financial or industrial experience in lending, funding or equity investments with management implications, preferably in developing countries. Involves frequent travel to assigned countries. Command of the English language essential and knowledge of French, Spanish, Portuguese or Arabic useful.

## Benefits:

Competitive benefits package including relocation expenses on appointment and provision to maintain cultural ties with home country.

Please send resume quoting Ref. IFC-78-01203 to:

John H. Stewart, Senior Personnel Development Officer,  
International Finance Corporation, 1818 H Street N.W.,  
Room D-346, Washington, D.C. 20433, U.S.A.



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CORPORATION

Assistant  
Company Secretary

c. £8,500 + car

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PA Personnel Services Ref:

AA26/6388/FT

Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.

## PA Personnel Services

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6660 Telex: 27874



A member of PA International

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Agency Manager  
financial services

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Save & Prosper Services Limited is the company set up by Save & Prosper Group to provide information and guidance to professional advisers on its wide range of personal financial services.

Applicants must be experienced in the fields of investment and life assurance planning and be familiar with the agency market. This is an important position requiring a high degree of self motivation and the ability to communicate at all levels. The job offers an attractive salary, incentive bonus, company car and excellent employee benefits.

Applications, which will be treated in strictest confidence, should include brief career details and should be submitted in writing to I.S. McCallum, London Branch Manager, Save & Prosper Services Limited, 4 Great St. Helens, London EC3P 3EP.

SAVE & PROSPER GROUP

DAR AL-HANDASAH  
CONSULTANTS

(Shair &amp; Partners (U.K.) Ltd.)

Dar Al-Handasah Consultants, a multi-disciplinary consultancy whose services include the preparation of engineering and architectural designs, town and regional plans and project formulation and evaluation for a wide variety of clients in the Middle East and Africa, offers the following appointments:

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The work will involve the preparation of feasibility studies for industrial, agricultural and urban projects, and the provision of economic forecasts. A good degree in Economics or a related subject is required. Applicants will be expected to provide evidence of competence in the preparation of reports, and should be willing to travel. Previous consultancy experience is desirable, and a knowledge of French or Arabic would be advantageous.

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The Managing Director,  
Dar Al-Handasah Consultants,  
(Shair & Partners (U.K.) Ltd.)  
91, New Cavendish Street,  
London W1M 7FS.

## Treasury Management

Central London c.£7,000

The Rank Organisation is a diverse international company with a turnover in excess of £240 million, with important interests in manufacturing, service and the entertainment industries.

Following the appointment of a Group Treasurer a year ago, the opportunity has arisen for an Assistant to join the central Group Treasury function, to assist the Group Treasurer in cash management, working capital control and foreign exchange management, including the optimum use of the existing cash resources and the forecasting of future requirements both in the U.K. and overseas.

The successful candidate will be expected to make an immediate contribution to the financial management of the Group, be able to advise and assist Group companies on cash management and foreign exchange, become involved in wider aspects of corporate financial management and demonstrate an ability to take on increased responsibilities in a relatively short time.

Preferably aged 24-28, the successful candidate must have a good relevant degree and/or professional qualification together with experience of the money markets, foreign exchange and banking, gained probably in the City or in the Treasury Department of an international company. Experience of the application of computer techniques to financial management would be an asset. The ability to work with and respond to the needs of top management is an essential qualification for the position.

Based in the executive offices in Central London, conditions of employment are competitive with those of other major industrial groups.

Please apply in writing giving full details of relevant qualifications and experience to:  
Mrs. V. Apple,  
Central Services Personnel Manager,  
The Rank Organisation,  
11 Hill Street, London W1.

THE RANK ORGANISATION

## BANKING

Executive Opportunities  
in Birmingham  
for a

## MANAGER &amp; ACCOUNTANT

A large International Banking Group will shortly be opening a new branch in the centre of Birmingham which will provide modern facilities for staff and a full range of services for both corporate and personal banking customers.

We are seeking two senior executives with extensive international banking experience to assist initially with the setting up of the new branch and to take over subsequently as manager and accountant respectively the administration and development of its business.

Although salaries largely depend on ability and experience, they will be above average and will include valuable fringe benefits including access to a generous housing loan scheme.

Applications, together with a detailed C.V., should be forwarded in confidence to:

I. C. Menzies Esq.  
PO Box 93, Edinburgh EH2 1HQ

Managing Director  
(Designate)  
Housebuilding-South East

Bellway Holdings Limited, a Public Company, principally involved in the private residential sector, requires a Managing Director (Designate) for a wholly-owned subsidiary based in Surrey.

The Company is seeking a person with proven ability in the building industry. Remuneration and benefits will be those normally associated with a senior appointment. Applicants should be earning not less than £10,000 per annum at a senior executive level.

Curriculum Vitae to:

The Company Secretary  
Bellway Holdings Limited  
Dobson House Regent Centre  
GOSFORTH  
Newcastle upon Tyne  
NE3 3LT

BUCKMASTER  
& MOORE

To those seeking  
Career Advancement

If you are involved with the Stock Market... then you already know Buckmaster & Moore. But what you may not yet know is that our expansion programme has created a number of excellent opportunities, at various levels, within our Institutional (Equities and Gilts) and Private Clients Departments.

During the next two months, in these pages, we will be announcing further details of these opportunities - so, if you are interested in a position offering wider career scope with the corresponding rewards - look out for our further advertisements.

Gerry Risdon, Administration Partner

## Buckmaster &amp; Moore

The Stock Exchange, London EC2P 2JT  
Telephone: 01-588 2868

## Financial Controller

Main Board Director c.£15,000 plus car

The Woodhouse & Poxon Group, a public company, is one of Sheffield's leading large masters and engineering companies. Its growth and profit record over the last decade is enviable, and its management team is young.

The board wishes to appoint a tough uncompromising Chartered Accountant (preferably with US experience) who can demonstrate from experience the difference between the role of Chief Accountant and that of Financial Controller. The career of the successful candidate will have been spent in a number of companies and will have included direct responsibility for all accounting functions. Experience of having initiated and

implemented tight systems of budgetary control is essential. Experience is also sought in the formulation of corporate financial strategy, capital manipulation, funding of major capital expenditure, acquisition evaluation and ideally a broad knowledge of international finance.

The appointment offers an unusual opportunity to enjoy working in an untrammelled environment, where the limits to personal progress are imposed only by the constraints of the individual. Age limits are set between 33 and 43. A suitable car is provided and there are the usual fringe benefits including generous help on any removal costs. Salary negotiable around £15,000.



Brief applications showing how each requirement is met should be addressed to: The Chairman, Woodhouse & Poxon (Holdings) Limited, P.O. Box 74, Bessemer Road, Sheffield, S9 3XS.

## INVESTMENT ANALYST

LONDON WC2 £5/6,000

Confederation Life wishes to appoint an investment analyst to complement its successful investment management team.

The analyst will provide support monitoring the portfolio, making recommendations and identifying new investment opportunities. The usual back-up is available, including the output the city provides, but the successful candidate will also be expected to initiate internal research. The Company approach is one of fundamental value analysis.

The Company invites applications from analysts with one to three years experience, preferably with a degree in economics or business studies and/or an equivalent professional qualification. The successful candidate will be a well organised self starter.

The salary will be in the range £5,000-£6,000, depending upon experience, together with an attractive package of benefits. Apply:

Mr. S.H. Martin, O.B.E., Personnel Manager,  
Confederation Life Insurance Company,  
Confederation Life House,  
50 Chancery Lane, London WC2A 1HE/  
(Telephone: 01-242 0282)

Confederation Life

## Jonathan Wren · Banking Appointments

The personnel consultancy dealing exclusively with the banking profession

FOREIGN EXCHANGE DEALER -  
LUXEMBOURG

£10,000+

Our client, an international bank, seeks an experienced dealer, with good deposit dealing experience for a post in Luxembourg. Good French and/or German language ability is required. Contact: David Grove

## FOREIGN EXCHANGE &amp; STERLING BROKERS

Prominent brokers seek experienced dealers and trainees. Language ability in French and/or German is sought in the foreign exchange area where the salary for an experienced broker would be in the region of £10,000. Both interbank and commercial sterling brokers are sought and attractive salaries are offered in each case depending on experience. Contact: David Grove

## LOCAL AUTHORITY DEALERS

We seek experienced local authority brokers to join a City Broking Firm. Attractive salary and good prospects are offered to candidates with 1-2 years experience. Contact: Mike Pope

170 Bishopsgate London EC2M 4LX 01-6231266 7/8/9



# Director

International Finance and Administration  
West London £15,000-£20,000

If you have a recognised management record with an international company or accountancy firm, or have moved from accountancy into an international role within industry, we are offering a responsible and satisfying appointment. This is a very senior position with all the duties of a Financial Director and including developing computerised systems for subsidiary companies, work simplification procedures and written financial policy procedures.

The Financial Director will also be expected to establish and maintain a forecasting system, interface with corporate finance and set up new administrative control system; in addition to making financial policy appraisals, reports and audits.

We are looking for a Chartered Accountant (preferably speaking French or German). Capable of self-motivation as well as motivating others. We need a practical man or woman, mature, confident, with an outgoing personality.

Qualified applicants should send a resume including salary and history, in confidence to Box A No. 6320 Financial Times 10 Cannon Street London EC4A 4BY.

## Financial Controller

Salary negotiable Zambia

The National Import and Export Corporation is one of Zambia's most important tools in stimulating the growth of its trade internally and with other countries. Against this, the appointment of a Financial Controller requires an individual whose practical ability and experience is matched by considerable communication skills.

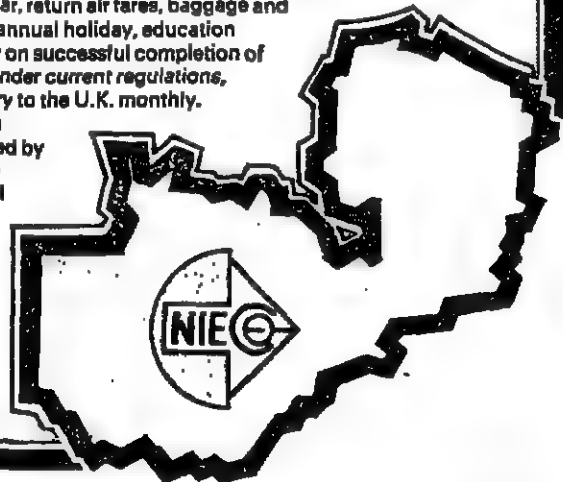
You will take in hand all the Corporation's financial resources, ensuring that subsidiaries expenditures are controlled within the policy of the Board of Directors and preparing accounts for submission to shareholders. This will further involve the development of accounting practices throughout the group, actively participating in the training of accounting staff and advising the Managing Director on all financial matters.

You will also be involved with top level discussions with Ministries, other Zambian Corporations, Bank Officials and foreign industrial companies.

Aged 35 and over and possessing appropriate accountancy qualifications, you will have at least 5 years' experience in accountancy at this level including administrative responsibilities.

An attractive salary will be negotiated and a first class package of benefits includes free furnished accommodation, free medical service, free non-contributory life assurance scheme, Company car, return air fares, baggage and settling-in allowances, six weeks annual holiday, education allowance/passages, 25% gratuity on successful completion of initial 3 year contract period and, under current regulations, remittance of one-third of the salary to the U.K. monthly. Zambia offers an ideal climate with magnificent surroundings enhanced by game parks and easy access to the Victoria Falls. Please write with full personal and career details to:-

Recruitment & Administration Manager,  
Zimco Services Limited,  
Zimco House,  
129/139 Finsbury Pavement,  
London EC2A 1NA



## International Auditors Travel-UK, Europe, Africa

London SW1

£6,000 - £7,000 p.a.

Phillips Petroleum is an international organisation with worldwide interests in oil, gas and chemicals. The Europe-Africa division of the company is a major operator in North Sea Oil and gas exploration and production.

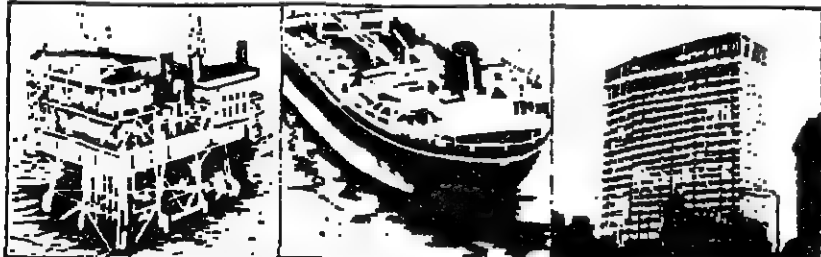
We need self-motivated individuals to join our expanding internal auditing team responsible for conducting financial, operational, joint venture and EOP audits within our natural resources, petroleum products and chemicals operations. London based assignments will necessitate extensive travel (may amount to 50 per cent), primarily within Europe.

Applicants should be Chartered Accountants, male or female, preferably aged 25-30. Knowledge of a

European language would be advantageous.

Benefits include 4 weeks holiday, pension scheme, generous sick pay, free life assurance, BUPA (reduced rate group scheme). Write with brief personal and career details (including salary progression) to date or telephone for an application form which should be returned to:

Phillips Petroleum Recruitment Officer,  
Phillips Petroleum Company Europe-Africa, Portland House, Stag Place,  
London SW1E 8DA.  
Telephone 01-828 9766  
Extn. 463 or use our 24 hour answering service on 01-828 3983. Please quote reference P125.



## Branch Manager

Banking

South-East Asia

Our client, a European commercial bank with branches throughout South-East Asia, is presently seeking an experienced senior executive to assume the position of Manager in one of its important branches in the region.

Qualifications:

- \* Successful track record as branch manager with a major commercial bank.
- \* Working experience in an international environment, preferably in Asia.
- \* Ability to organize and direct the activities of an overseas branch, motivate local staff, expand operations and enhance profitability.

Remuneration will be negotiable and commensurate with the high standards and experience required. Fringe benefits are of top expatriate standard.

Ref: A8612 FT

REPLIES will be forwarded direct, unopened and in confidence to the client unless addressed to the Security Manager listing companies to which they may not be sent. They should include comprehensive career details, not refer to previous correspondence with PA and quote the reference on the envelope.

## PA Advertising

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874



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كنايس انترنشنال

## Controller

to £12,500

Leicestershire

plus car

A successful U.K. engineering company with a nine-figure turnover in capital goods, seeks a financial controller. He or she will be responsible to the finance director for most aspects of finance (excluding treasury and routine accounting) in a diverse, well-delegated group. The emphasis is on commercial intelligence and management information.

Candidates should ideally be around 35 (30 and 45 are the extremes) with senior experience in an autonomous manufacturing profit centre. "Pure accountants" would be inappropriate. Accountants, engineers or MBAs demonstrating wider business experience would. Prospects are not confined to the finance function.

For a fuller job description write to John Courts & Partners Ltd, Selection Consultants, 78 Wigmore Street, London W1H 9DQ, demonstrating your relevance briefly but explicitly and quoting reference 7009/FT.

## JC&P

### STORES AND PURCHASING COORDINATOR NIGERIA

We require immediately a person to fill the above position in a cement factory under construction in Nigeria.

In addition to having overall charge of the purchasing function, the larger part of the successful candidate's time will be spent in the establishment of a fully integrated and possibly computerised stores system for a Spare Parts Store, which will contain an estimated 20,000 items.

Candidates must possess either good experience in Stores procedures, particularly on the accounting side, or hold a recognised accounting qualification.

Experience in the cement industry and/or overseas would be a distinct advantage.

Remuneration will be in the region of £14,500 sterling and generous benefits include one month's home leave every five months, free housing, education allowances, pension scheme, etc.

Applications should be made in the candidates' own handwriting and sent to:

CEMENTIA HOLDING A.G.,  
Nueschelerstrasse 45,  
CH-8001, Zurich,  
SWITZERLAND.

## W.I.C. Carr, Sons & Co.

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JAPANESE DEPARTMENT

### INSTITUTIONAL SALES EXECUTIVE AND ANALYST

A Sales Executive and an Analyst are required to join our London-based Japanese Department which—backed by our Tokyo and Hong Kong offices—services a wide range of Institutional Clients in both the U.K. and Europe.

These positions offer an exciting opportunity for the right applicants to join an experienced team specialising in this increasingly important market.

Apply with curriculum vitae to:-

Richard Bradley,  
W. I. Carr, Sons & Co.,  
Ocean House,  
10-12 Little Trinity Lane,  
London EC4P 4LB.

## FRUSTRATED EXECUTIVE?

If, like many managers and business executives, you are unable to assess yourself and your abilities objectively, you are bound to feel frustrated. You are likely to rate yourself too lowly, operate too narrowly, live with what you have achieved so far too readily. And to feel your career is not as successful as it should be.

Feeling frustrated isn't a sin — but failing to do something positive about it is. Especially as it is usually simply a matter of learning to manage your career.

We at Royston Ridgeway invite you to meet us for a confidential discussion on how you can achieve this. Your first interview will involve no cost or obligation to continue. Simply dial 01-438 3719, and ask for John Ball, or write to him at:-

### Royston Ridgeway career managing people

Kent House, 27 Regent Street, London W.1.

### ASSISTANT COMPANY SECRETARY SHIPPING

We require a young, energetic person to join our Shipbroking Company

Candidates, preferably under 30, should have a thorough knowledge of shipping and be either qualified or nearing the final stages of a recognised accountancy qualification. Responsibilities include the daily running of our merchant accounts and port filing department and it is vital that candidates have an ability to guide others. It is envisaged that the position of Company Secretary will become available in the next 12 months. Our modern offices are close to the City and working conditions excellent. Remuneration and other benefits will be in accordance with age and experience.

Please apply in writing to:  
MR. G. L. NEDERPEL, MANAGING DIRECTOR  
NED CHARTERING LIMITED  
SUNLEY HOUSE, GUNTHORPE STREET, LONDON E1 7W

## Industrial Investment 5-figure salary

The Industrial Investment Branch of a leading City institution, seeking to expand its direct investment in industry, requires a Senior Executive.

The post is responsible to the Directors for the complete investment cycle from initial appraisal to post investment monitoring.

Applicants should be professionally qualified. A sound record in corporate financing will be the main criterion supported by direct industrial experience.

The post, located in the City, will carry a 5-figure salary and is supported by excellent conditions of employment.

Please telephone (01-629 1844 at any time) or write — in confidence — in the first instance for a personal history form. R. L. H. Whitney ref. B.1849.

This appointment is open to men and women.

**MSL** Management Consultants  
Management Selection Limited  
17 Stratton Street London W1X 6DB

## Group Financial Controller Central London

to join the Head Office management team of a £60m. turnover, diversified, British manufacturing Group, with a progressive record and commitment to continuing growth.

The new Controller will compile and present central control information and develop standards and methodology of management and financial accounting for four decentralised Divisions with over a dozen manufacturing sites in the UK and overseas.

Candidates, from age 30, must be qualified accountants, preferably chartered, with at least five years' post-qualifying experience — and a positive preference for the industrial environment and for close involvement in business decision-making.

Salary negotiable from £10,000; car; re-location help, etc. Career prospects are attractive.

Please telephone (01-629 1844 at any time) or write — in confidence — in the first instance for a personal history form. R. Town ref. B.1845.

This appointment is open to men and women.

**MSL** Management Consultants  
Management Selection Limited  
17 Stratton Street London W1X 6DB

## You could become a highly-paid Merrill Lynch account executive dealing with international stocks and bonds.

In your late 20s, early 30s? With a good degree, preferably in Business Administration, Business Studies, Economics or Law.

Most likely 'international' by upbringing or birth. For example, you may have been educated first at Oxford, and then at the Sorbonne. Fluent in English, of course; and, ideally, in one or two other languages as well.

Ambitious. A self starter. Successful in your present job. 4-5 years' experience in a financial field. Alternatively, you could be a rising star in marketing

or a similar sales environment. Could this be you? If so, there should be a place for you as an International Account Executive in London. After six months intensive training you will become responsible for providing Merrill Lynch clients with excellent service and advice regarding their finances — especially investments in US and Eurodollar markets.

Please write, giving details of your career to date, to Roger Davis at: Merrill Lynch, Pierce, Fenner & Smith Ltd., Time Life Building, 153 New Bond Street, London W.1.

**MERRILL LYNCH, PIERCE, FENNER & SMITH LTD**  
Licensed Dealer in Securities

## FINANCIAL CONTROLLER

PRIVATE SHIPPING AND TRADING GROUP

LONDON CITY

C £15,000 + BENEFITS

An opportunity has arisen for a qualified Accountant to join the management team of a young shipping and trading group with worldwide subsidiaries.

The need is for a qualified Accountant with broadly based business experience and some knowledge of shipping to work with a very small central team directly monitoring performance in all areas of the Group's business and acting thereon. The preferred age is 35/45.

Write Box A.6321, Financial Times, 10, Cannon Street, EC4A 4BY.



## Financial Control

£12,500+

A long established and successful company in a process industry, with a turnover in excess of £100m and wide overseas interests, is restructuring its central accounting function. The post of Financial Manager is being created as part of this reorganisation. Reporting to the Finance Director, the appointed candidate will concentrate initially on management accounting and management information systems. Thereafter there will be ample scope for broadening of responsibilities and it is anticipated that the successful applicant will succeed the present Finance Director within five years. Applicants, male or female, aged 38-45 should be F.C.A. or

F.C.M.A., with an emphasis on M.A. and computerised M.I.S. This will have been gained in medium to large sized companies in the chemical or allied industries. Salary is negotiable in the region of £12,500 and a car is provided. Location: Essex. PA Personnel Services Ref: AA3/6356/FT Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.

### PA Personnel Services

Hyde Park House, Knightsbridge, London SW1X 7LE Tel: 01-235 6860 Telex: 27674



A member of PA International

## Controller

West London c £10,000

This U.K. distribution company is to be developed as the European arm of its U.S. parent organisation. A controller is now to be appointed with responsibility for the development and operation of all the supporting systems (financial, inventory, management and administrative) during this period of rapid growth and subsequently in the future development of the business.

Applicants should be qualified accountants who can demonstrate a successful track record, perhaps in a small company or in a distribution environment. It is essential that the Controller can cope with rapid growth, is familiar with stock management and data processing techniques, and is capable of running a small accounting department to high standards and under tight control.

Write for an application form to S. Hasketh, quoting Ref 7853.



Arthur Young  
Management Services,  
Rolls House,  
7, Rolls Buildings, Fetter Lane,  
London, EC4A 3TN

### Finance Director

c£10,000 + car  
South Coast

A major engineering company, part of a British international group, has formed a new subsidiary with an initial turnover of £10 million and there is a requirement for the key position of Finance Director.

Responsibility will be to the director and general manager for the efficient operation and development of the finance function so that it can effectively contribute in practical terms to the attainment of the company's growth plan.

A qualified accountant is required with sympathy for things mechanical and with broad experience at senior line management level in a significant manufacturing exporting operation.

Age under 45. Salary negotiable around £10,000. Car provided. Location South Coast.

Please write in confidence for a job description and an application form to David Prosser, Price Waterhouse Associates, Southwark Towers, 32 London Bridge Street, London SE1 8SY, quoting MCS/3671.

## FINANCIAL CONTROLLER

£20,000+

Nigeria

Our client is a major Nigerian-based Construction Company located in Lagos and they are currently carrying out several major building projects, utilising a British pre-cast system. They require a construction orientated, qualified Accountant, aged 38+, who will have previous overseas experience with a major contractor. The appointed candidate will be responsible to the Managing Director and assume total responsibility for the financial control aspects of a company with a £40m. turnover and anticipated growth to £100m.

This will be an accompanied tour with the usual package of executive benefits attached. Phone Brian Curtis on 01-546 6686 or write to:-



Richard Brooks & Partners Limited  
International Recruitment Consultants,  
57, Eden Street, Kingston on Thames,  
Surrey.



## Are you the investment manager we seek?

with successful experience in investment management and

the ability and ambition to ensure the further growth of our pension fund business.

If so, we would like to hear from you. Please write with full curriculum vitae to

Mark Cornwall-Jones, John Govett & Co. Ltd., Winchester House, 77 London Wall, London EC2N 1DH.



There is a vacancy for a company news writer on the Times Business News. Applicants should have experience or particular interest in business journalism.

Please send full personal and career details to:

Desmond T. C. Hayes,  
Employment Manager (Ref. B/N 11),  
Times Newspapers Limited,  
200 Gray's Inn Road,  
London WC1X 8EZ.

## EXPORT SALES MANAGER

WBB & Co. Ltd., international producers of clay raw materials for the ceramic and other industries, seek a person with commercial flair, preferably with some ceramic or scientific inclination. Languages helpful, but not essential. Wide European travel from a Devon base.

Detailed application, in confidence, to:  
T. P. V. Robertson, Marketing Director  
WATTS BLAKE BEARNE & CO. LTD.,  
Park House, Courtenay Park  
Newton Abbot, Devon TQ12 4PS

## Lending Officer - Energy

Marketing Opportunity with Major U.S. Bank

Our Client is a substantial U.S. bank with an active involvement in lending to the energy industry.

The bank's current requirement calls for a banker with a background in credit and marketing, and a good knowledge of the energy sector. Preferably in your mid/late 20's, you will respond readily to a challenging business development role within a close-knit and professional team.

Career prospects are excellent for the successful applicant and the remuneration package will fully reflect the importance attached by the bank to this position.

Contact Norman Philpot in confidence  
on 01-248 3812

## NPA Recruitment Services Ltd

60 Cheapside, London EC2, Telephone: 01-248 3812/3/4/5

## FINANCE DIRECTOR

U.K. Medium Engineering Company  
Turnover £20m+

Midlands

£10,000 plus  
bonus + car

Play a key role in managing, planning and co-ordinating the financial affairs of several operating Divisions. Assume responsibility for Performance Appraisal, Forecasting, Manufacturing Costing. Prove yourself competent to assume a key executive role.

Our Client: A dynamic Company, part of a substantial and highly successful speciality engineering group (turnover c.£80m). They are poised for a major investment and sales effort. The objective of this appointment is to permit and strengthen the growth and achievement of ambitious business plans.

Your Role: To assume control of the Financial Department (total staff of 50), with a management team comprising: A Company Secretary, Financial Controller, Management Services Manager, Divisional Management Accountants. To ensure that high standards are operated. To devise and implement systems which provide accurate, cohesive and timely information for budgets, forecasts, plans.

Generally to support the Managing Director in developing the business.

Your Background: A qualified Accountant, aged 32-40 with wide industrial experience.

gained ideally within an engineering environment. An accomplished track record as a Management Accountant with proven skills in appraisal techniques and management control.

A combination of breadth of vision, co-ordinating skills, practised in communicating with and motivating others, unyielding professional standards... is required.

Your Rewards: A key role in the accelerating progress of this Division. Immense personal and professional job satisfaction. A place on the executive ladder. A first year remuneration package exceeding £10,000. Excellent benefits and Company car.

ACT NOW! Telephone or write (in strictest confidence) to Paul Sinha (Director), on 01-388 2051 or 01-388 2058 (24-hr Answerphone), for curriculum vitae form.

Quote reference number 207

This appointment is open to male/female applicants.

## MERTON ASSOCIATES (CONSULTANTS) LIMITED

Merton House, 70 Grafton Way, London W1P 6LN

Executive Search and Management Consultants

## PICCADILLY FINANCIAL SERVICES LIMITED

## Marketing Executives

Piccadilly has considerably expanded its breadth of investment services in the last three years which now includes unit trust management, life assurance, investment contracts and management of private, institutional and pension funds both in the U.K. and overseas.

As a result of this development programme two exceptional marketing executives are required to strengthen the existing team.

One appointment is concerned with the

technical development of new investment products and the preparation of high quality literature and supporting investment reports both for the U.K. and overseas markets.

For the second appointment we want a person who is fully experienced in discussing and developing our expanding range of investment services with professional advisers.

Both these appointments carry considerable freedom for personal advancement and involvement in top level marketing decisions.

Preferred age under 40, attractive salary and profit sharing scheme. Please reply in strictest confidence enclosing curriculum vitae to:

David Scroggie, Marketing Director  
Piccadilly Financial Services Ltd  
Wardgate House, 39a London Wall  
London EC4A 3UA Tel. No. 01-638 0801

## Pension Fund

Accounting and Investment  
c.£8,000

Mars Security Limited is the trustee company for the Mars Limited Benefit Scheme and administers the company pension, sick pay, disability and life assurance funds. Funds under management exceed £60 million. The accountant's function is to maintain the accounting records of these funds, to prepare monthly and annual financial statements and to assist the Managing Director in the investment activities of the company. This position would be ideally suited to someone who combines some financial accounting training with an interest in and knowledge of investment.

We are offering a starting salary of around £8,000 p.a. a non-contributory benefit scheme

(which includes pension, sick pay and life assurance) and four weeks annual holiday. Mars Security Limited is based in Slough and financial assistance will be provided if relocation to the Thames Valley area is necessary.

Please write giving brief details of experience, qualifications and personal circumstances to: Chris Morgan, Personnel Department, Mars Limited, Dundee Road, Slough, Berks SL1 4BS.



### Financial Controller

Watford

c£8,000+car

Saveage Industries Limited, who manufacture a leading brand of adjustable shelving systems, seek a Financial Controller for their modern offices and factory in Watford. The company intends to expand its activities in the United Kingdom and the EEC during the next five years and this is a key appointment.

Reporting to a newly appointed Chief Executive he or she is to be responsible for the entire financial function with a strong emphasis on the provision of prompt monthly management accounts, cash flow and the monitoring of marketing subsidiaries in France, Belgium and Holland; and for all statutory and administrative duties of a Company Secretary.

This appointment will suit a qualified accountant aged between 30 and 40 ideally living within about 20 miles of Watford. Those with three years experience in a light engineering company who can speak French will have an advantage.

Initial salary is to be around £8,000 and a car is to be provided. A Board appointment can be expected in the medium term but this would depend upon the overall contribution to the company as well as performance in charge of the finance department.

Please write in confidence for a job description and an application form to R.N. Orr, Price Waterhouse Associates, Southwark Towers, 32 London Bridge Street, London SE1 8SY, quoting MCS/3668.

## UNION BANK OF SWITZERLAND

London

requires an experienced

## FOREIGN EXCHANGE DEALER

several years' activity in a London bank essential. Good salary and prospects offered with usual fringe benefits.

Apply in writing to:-

Mr. J. T. Cannon,  
Administration Manager,  
Union Bank of Switzerland,  
117, Old Broad Street, London EC2

### TO A PARTICULAR ACCOUNTANT

aged about 20 who has decided to enter an international environment offering real opportunities in terms of satisfaction and reward. This position, which is London based, is with a private company budgeting for an eight figure turnover in 1978 and whose activities are primarily in the financial sector. In addition to your usual accounting functions you would undertake a considerable commercial role within a small team whose decisions directly influence the activities of the company. Your salary and terms are negotiable. In the first instance please write with full details of your past and present employment and giving an outline of the reasons for your seeking this position. Write Box A 6223, Financial Times, 10, Cannon Street EC4A 3DF.

### SAUDI ARABIA (Contract)

Chartered Accountant (knowledge of Arabic) £25,000 p.a. tax free + free accommodation, and food and utilities. For American Civil Engineering Consulting Corp. Rush resumes to: Advance Personnel Services Ltd. (Aps) The White House, Lodge Road, London, NW4 or Tel: 01-203 4272 or Cable Headline London



## CHASE IS EXPANDING ITS INTERNATIONAL PRIVATE BANKING FACILITIES

As a result we have several challenging career opportunities at senior and junior levels in Switzerland and abroad (London and overseas) in the areas of

### PORTFOLIO MANAGEMENT

(International Fixed Income and Equities)

The ideal candidate will have several years of experience in managing internationally diversified portfolios or dealing in international bond and equity markets. Familiarity with foreign exchange markets will be a definite plus.

### MARKETING UNIT HEAD AND ACCOUNT OFFICERS

At the senior level we are looking for a seasoned professional with at least five years' experience of counselling clients on financial affairs. A banking background and some prior management experience in a responsible position are strong assets. The position requires frequent travel.

At the junior level, account officers with securities and bank apprenticeship background will assist the unit head in receiving and servicing international clients.

Complete fluency in English, and in at least one other major Western language is required for all positions.

Candidates of preferably Swiss nationality or holders of appropriate work permits are invited to send their applications to:

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## COMMODITIES

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# FARMING AND RAW MATERIALS

## France aids horsemeat production

By Our Commodities Staff  
FRENCH FARMERS are to be given low-interest loans to encourage them to increase their output of horsemeat. A decree published yesterday allows the Government to subsidise new buildings and expansion of existing ones.  
The Ministry of Agriculture has said that at present production of horsemeat in France is only one fifth of consumption. Last year the bill for importing the remaining 80 per cent was £740m. (The Government is also helping producers to process and establish an inter-professional organisation and is giving grants to horse rearing to set up producer groups.)

## Cocoa prices fall sharply

By Our Commodities Staff  
COCOA FUTURES prices fell sharply on the London market yesterday in what most dealers saw as a reaction against Tuesday's strong rise.  
Heavy selling of the prompt position found few buyers in May cocoa registered a \$400,000 fall during the afternoon. The July quotation, so far, fell to \$1,379 a cwt.  
Dealers thought Tuesday's rise, which had been encouraged by rumours that an Ivory Coast shipper was in difficulty on the price of his cargo, might have been a one-day phenomenon leading to widespread speculation and a fall.

## EEC lamb plan

THE EUROPEAN Commission yesterday said that its plans for placing national policies on lamb and mutton within a single community policy did not envisage limitations on lamb exports from New Zealand.  
The Commission said that the proposals would include import quotas, as required by the National Federation of Meat Traders, earlier this week, a statement said.

## High Court challenge to U.K. potato import ban

By CHRISTOPHER PARKES  
A DUTCH vegetable exporter took on the British Government over its ban on imports of "old" potatoes.  
C. Meijer BV, which had a 20-tonne shipment of potatoes turned away from Great Yarmouth in January, says the British embargo breaks Common Market law on the free movement of goods.  
The company asked Mr. Justice Donaldson to declare the ban unlawful under the Treaty of Rome, but he granted instead a Government application for the case to be referred to the European Court of Justice.  
It had been argued, the judge said, that the matter was so clear it could be settled without troubling the Luxembourg court. "But I do not think it is at all plain."  
Mr. Justice Donaldson said that he did not think the agency is such that I ought to express my view without the help of the European court.  
Mr. Anthony Grabner, for Meijer, said that an appeal against the decision was likely. The ban was a clear breach of the Treaty, the fundamental principles of which were to remove such barriers between member States at the end of a transitional period, he said.  
The U.K.'s transitional period had ended on December 31 and the ban had therefore been illegal since January 1.  
Mr. Justice Donaldson said that the consequences of lifting the ban could be "enormous". Import restrictions were a key part of the U.K.'s potato marketing scheme and could collapse the scheme if lifted.  
The Dutch and other Continental exporters are eager to gain access to the British market because, for most of the past potato season, prices here have been at least double those in the rest of the EEC.  
The difference has increased lately. Some farmers in Britain are now earning £25 a tonne for the last of the 1977 crop while producers across the North Sea are averaging about £20.  
Britain already has a surplus of 250,000-300,000 tonnes of potatoes this year for which farmers are guaranteed about £24 a tonne.  
The Government fears that relaxing its annual ban on imports would lead to a far greater glut and a huge bill for meeting the guarantee.

## General fall in base metals

By OUR COMMODITIES STAFF  
FORWARD PRICES of most base metals fell again on the London Metal Exchange yesterday. Three months' contracts for zinc, copper and nickel all fell in price. The fall in zinc was the most pronounced, falling from \$1,375 to \$1,325 a tonne. Copper fell from \$1,375 to \$1,325 a tonne. Nickel fell from \$1,375 to \$1,325 a tonne.  
The fall in prices was due to a combination of factors, including a general fall in demand for base metals and a rise in the price of oil, which is a major input in the production of base metals.

## U.S. cuts Brazil soyabean estimate

THE U.S. Agriculture Department has lowered its estimate of 1978 Brazilian soyabean production to 9.7m-10.2m tonnes from 10.0m-10.5m tonnes.  
The department said its latest estimate was based on a report by a two-man team which returned on Saturday from a two-day trip to Brazil to assess the crop.  
The estimate compares with 1977 production of 12m tonnes. Soyabean exports from Brazil are expected to be 8.5m tonnes.

## Indian sales plan hits sugar

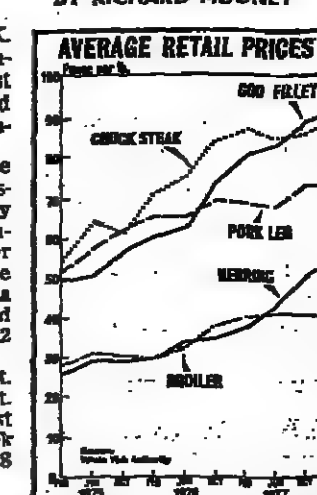
By Our Commodities Staff  
WORLD MARKET sugar prices fell yesterday in response to news that India had authorised 300,000 tonnes for export from May onwards.  
In the morning the London daily raw sugar price was marked down \$1 to \$101 a tonne and by the close the August position on the London futures market had slipped to \$107.2 a tonne—23.45 lower on the day.  
Analysts said that India was shortly to enter the export market, having been circulating among traders for several days, but with sentiment dominated by the certainty of a substantial world sugar shortage, technical considerations have tended to outweigh such fundamental news.  
The size of the Indian export, announced yesterday by the State Trading Corporation, seems unlikely to have forced the market to react.  
The price drop may also have been encouraged by the result of this week's EEC sugar export tender, at which the Commission Market Committee granted export authorisations in rather greater quantities than recently.  
While sugar exports totalling 37,000 tonnes were authorised, another 16,000 tonnes of raws.  
The maximum export rebate for whites was cut to 24.691 units of account per 100 kilos from 25.946 last week. The top rebate for raws was 21.536 (22.500).

## Tea exports may be raised

By Our Own Correspondent  
CALCUTTA, April 12. INDIA will raise the "ceiling" on tea exports from 225m kilos to over 250m kilos during the current season, it was learnt today from a source in the Ministry of Tea.  
Mr. Mohan Dhar, Commerce Minister, told members of the Indian Tea Association here.  
The Minister also promised to reconsider the imposition of export duties which are 5 per cent on tea exports at present, should the demand supply position in the international market so warrant.  
The Tea Board believes a crop of 600m. kilos is a possibility, despite the damage done by the prolonged drought in the hill stations in northeast India.  
The drought may have destroyed 30m. kilograms of tea but an increase of 40m. kilograms can be realised in the second "flush" and later stages of the crop, a Tea Board spokesman says.

## Fish losing ground to cheaper meats

By RICHARD MOONEY  
THE RATE of inflation in U.K. retail fish prices slowed dramatically in the four months to last February, but prices continued to rise faster than those of competing meat products.  
In its February review of the U.K. fish market, published yesterday, the White Fish Authority said that cod fillets had increased in price by only 1 per cent since October and were only 13 per cent dearer than a year earlier. This compared with a 34 per cent rise in the 12 months to February, 1977.  
Placed prices were 5 per cent up on October and 13 per cent higher than in February last year, while rises for haddock fillets were 6 per cent and 18 per cent, respectively.  
But with chuck beef prices rising only 3 per cent, over the year, brisket 4 per cent, lamb shoulder 8 per cent and pork leg 6 per cent, and with butter and margarine prices almost unchanged, the competitive position of fresh fish deteriorated further.  
This was particularly true of herring for which prices continued to increase steeply, but at a slower rate than the improvement noted in recent months.  
Most of this fall was due to a decline in haddock supplies, with purchases falling from 47 stons (edible weight) per outlet in October to 33 stons in February. Over the same period cod purchases rose by 4.5 stons to 54 stons, and sole by 5 stons to 27 stons.



## Frozen

The report also showed what the authority described as a "marked, perceptible trend" towards the purchase of frozen fish by mongers.  
It attributed this to the continuing problems affecting British landings and the growing consumer demand for fish in a frozen form.  
In February this year, frozen fish accounted for 9 per cent of fishmongers' purchases compared with 8 per cent in October and 7 per cent in February last year.  
There was a more encouraging trend in the fish friers' market. February purchases by friers were 75 stons per outlet—only 10 stons lower than in October and six stons more than in February last year. The heavy dependence of this sector on cod supplies was still causing concern, however. Cod accounted for 73 per cent of friers' purchases in February, compared with 68 per cent in October and 65 per cent in February last year. The gradual acceptance of less familiar varieties in the fresh fish market was still not being reflected in this sector.

## Cyclone Alby hits apple crop

By A CORRESPONDENT  
CYCLONE ALBY, which swept Western Australia a week ago, has caused severe damage to apple crops there. About 9,000 acres are reported to have been damaged, with losses estimated at 300 head. Bush fires, driven by the high winds, burned about 30,000 hectares of pasture land.  
Applegrowers, however, were by far the worst hit. When Cyclone Alby hit, the apple crop was at the peak of its season. The rest was blown away and destroyed by the storm.  
News of the damage helped raise apple prices in the British market, where they had shown signs of falling recently. Imports from the southern hemisphere came in.  
A year ago European apple prices leapt to record levels after a drought cut the EEC crop and news came that southern hemisphere imports would be well down on previous years. In the event, however, imports from the southern hemisphere were not as low as expected, and prices have since fallen.

## COMMODITY MARKET REPORTS AND PRICES

BASE METALS			
Commodity	Unit	Price	Change
Copper	100 lbs	137.5	-0.5
Aluminum	100 lbs	105.0	-0.5
Zinc	100 lbs	132.5	-0.5
Nickel	100 lbs	132.5	-0.5
Lead	100 lbs	115.0	-0.5
Steel	100 lbs	10.0	-0.1

GRAINS			
Commodity	Unit	Price	Change
Wheat	100 lbs	1.15	-0.01
Barley	100 lbs	1.05	-0.01
Oats	100 lbs	0.95	-0.01
Rice	100 lbs	1.25	-0.01

SOYABEAN MEAL			
Commodity	Unit	Price	Change
Soyabean Meal	100 lbs	1.15	-0.01

U.S. Markets			
Commodity	Unit	Price	Change
Cocoa	100 lbs	1.375	-0.05
Coffee	100 lbs	1.15	-0.01

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## EUROPEAN OPTIONS EXCHANGE

Option	Price	Close	July Vol.	Oct. Vol.	Jan. Vol.	Equity Close
R. Kodak	840	-	-	37	20	844.4
B. Kodak	840	-	-	37	20	844.4
IBM	880	-	10	11	8	880.0
IBM	880	-	10	11	8	880.0
IBM	880	-	10	11	8	880.0

## COCAOA

Commodity	Unit	Price	Change
Cocoa	100 lbs	1.375	-0.05

## WHEAT

Commodity	Unit	Price	Change
Wheat	100 lbs	1.15	-0.01

## FINANCIAL TIMES

Commodity	Unit	Price	Change
Gold	100 lbs	1.15	-0.01

## WOOL FUTURES

Commodity	Unit	Price	Change
Wool	100 lbs	1.15	-0.01

## Thailand urged to limit tapioca area

BANGKOK, April 12. THE THAI Board of Trade has urged the Agriculture and Co-operatives Ministry to limit the area planted to tapioca.  
Its weekly bulletin said present tapioca prospects were gloomy due to over production and lower prices on domestic and overseas markets. The EEC market was saturated, it added.  
The Board suggested that the Commerce Ministry should not allow any new tapioca mills and that minimum prices should be set.  
Prices of tapioca pellets in the EEC fell by 6.7 per cent during March. Meanwhile prices in Bangkok dropped to 68.95 baht per picul in March from 73 in February and 101.38 in March last year.  
The Board said that the export target this year was 3.5m tonnes, but it now expected shipments to be about 4m tonnes.

## MEAT/VEGETABLES

Commodity	Unit	Price	Change
Meat	100 lbs	1.15	-0.01



## FINANCIAL TIMES STOCK INDICES

150.7	153.0	155.7	151.6	125.0
5.92	5.77	5.75	5.75	8.1
15.99	16.86	17.31	16.60	18.1
8.12	8.18	8.17	8.50	8.4
4.662	4.971	5.984	4.844	4.9
43.19	65.02	78.12	65.15	57.0
11.102	11.522	16.894	16.824	14.0

4. Noon 451.0 1 p.m. 461.2  
3 p.m. 468.1

corporation. tax. ↑NU=8.0.  
 Exord Int. 182. 1st Ord. 1/1/53. Gc  
 182

**S.E. Activities**

Completion	Apr. 12	Apr. 11
Low		
Daily		
Git-Ridge	190.6	188.4
Industrie	73.5	74.9
Speculative	53.5	50.1
Total	171.7	96.4
High		
Git-Ridge	179.5	174.1
Industrie	174.9	169.3
Speculative	53.5	54.7
Total	114.0	111.1

five trading days—on spec  
 five interest linked to spec  
 prospects. There was an

The full hopes of Central Pacific were dashed when the stock price of the company declined 15 to 40 cents. The rest of the market was quiet.

Small selling took 5 1/2 Southern Railway in generally rested Tins, while, among 1/2 Canals, the United States rose, gaining 3 to 50p.

**LOWES FOR 1978**

**BOOKS (2)**  
 Barker and Dobson, "The New Style"  
 Downie Barrow A  
**INDUSTRIALS (3)**  
 Dennis Surgical  
 Trelapat Hous  
**INSURANCE (3)**  
 Smith and Son  
 Guardian Royal  
 Legal & General  
**NEWSPAPERS (1)**  
 Marshall Canning  
**PAPERS (2)**

[illegible]

	Up	Down
British Funds .....	10	
Corpor. Bonds and Foreign Bonds .....	2	24
Industrial .....	143	282
Financial and Prop. .....	30	232
Oil .....	10	15
Plantations .....	3	1
Mines .....	5	4
Recess .....	1	1
<b>Totals</b> .....	<b>238</b>	<b>367</b>

Apr. 11	Apr. 16	Apr.	Apr. 8	Apr. 1
Index No.	Index No.	Index No.	Total No.	Index No.
203.81	202.88	204.03	204.78	185.7
184.49	183.50	184.34	183.82	153.7
321.59	320.21	324.68	324.80	292.8
428.08	424.60	428.98	435.73	392.8
522.77	519.64	532.57	539.85	473.7
165.82	164.71	165.59	162.79	160.7
145.13	144.41	144.57	144.13	137.7
188.45	187.96	188.51	188.86	167.7
221.32	222.35	222.88	224.07	195.7
170.43	170.07	169.40	168.45	144.7
115.95	117.86	116.42	113.13	94.7

186.66	191.89	196.90	196.67
187.55	192.10	197.17	225.55
188.44	192.31	197.44	225.55
189.33	192.52	197.71	225.55
190.22	192.73	197.98	225.55
191.11	192.94	198.25	225.55
192.00	193.15	198.52	225.55
192.89	193.36	198.79	225.55
193.78	193.57	199.06	225.55
194.67	193.78	199.33	225.55
195.56	193.99	199.60	225.55
196.45	194.20	199.87	225.55
197.34	194.41	200.14	225.55
198.23	194.62	200.41	225.55
199.12	194.83	200.68	225.55
200.01	195.04	200.95	225.55
200.90	195.25	201.22	225.55
201.79	195.46	201.49	225.55
202.68	195.67	201.76	225.55
203.57	195.88	202.03	225.55
204.46	196.09	202.30	225.55
205.35	196.30	202.57	225.55
206.24	196.51	202.84	225.55
207.13	196.72	203.11	225.55
208.02	196.93	203.38	225.55
208.91	197.14	203.65	225.55
209.80	197.35	203.92	225.55
210.69	197.56	204.19	225.55
211.58	197.77	204.46	225.55
212.47	197.98	204.73	225.55
213.36	198.19	205.00	225.55
214.25	198.40	205.27	225.55
215.14	198.61	205.54	225.55
216.03	198.82	205.81	225.55
216.92	199.03	206.08	225.55
217.81	199.24	206.35	225.55
218.70	199.45	206.62	225.55
219.59	199.66	206.89	225.55
220.48	199.87	207.16	225.55
221.37	200.08	207.43	225.55
222.26	200.29	207.70	225.55
223.15	200.50	207.97	225.55
224.04	200.71	208.24	225.55
224.93	200.92	208.51	225.55
225.82	201.13	208.78	225.55
226.71	201.34	209.05	225.55
227.60	201.55	209.32	225.55
228.49	201.76	209.59	225.55
229.38	201.97	209.86	225.55
230.27	202.18	210.13	225.55
231.16	202.39	210.40	225.55
232.05	202.60	210.67	225.55
232.94	202.81	210.94	225.55
233.83	203.02	211.21	225.55
234.72	203.23	211.48	225.55
235.61	203.44	211.75	225.55
236.50	203.65	212.02	225.55
237.39	203.86	212.29	225.55
238.28	204.07	212.56	225.55
239.17	204.28	212.83	225.55
240.06	204.49	213.10	225.55
240.95	204.70	213.37	225.55
241.84	204.91	213.64	225.55
242.73	205.12	213.91	225.55
243.62	205.33	214.18	225.55
244.51	205.54	214.45	225.55
245.40	205.75	214.72	225.55
246.29	205.96	214.99	225.55
247.18	206.17	215.26	225.55
248.07	206.38	215.53	225.55
248.96	206.59	215.80	225.55
249.85	206.80	216.07	225.55
250.74	207.01	216.34	225.55
251.63	207.22	216.61	225.55
252.52	207.43	216.88	225.55
253.41	207.64	217.15	225.55
254.30	207.85	217.42	225.55
255.19	208.06	217.69	225.55
256.08	208.27	217.96	225.55
256.97	208.48	218.23	225.55
257.86	208.69	218.50	225.55
258.75	208.90	218.77	225.55
259.64	209.11	219.04	225.55
260.53	209.3		

1971-74	1971-70	1971-70	1971-74	1971-74
190.54	191.10	191.10	191.74	151.4
190.99	191.70	190.73	190.93	152.1
148.45	146.72	146.81	147.34	126.1
133.78	134.09	134.59	137.58	126.1
126.55	126.87	126.18	126.18	108.1
73.73	332.28	333.08	333.63	272.1
76.52	76.87	76.76	76.83	94.1
222.69	224.75	227.09	227.79	169.1
106.30	106.33	106.24	104.94	58.1
191.69	191.73	191.79	191.74	18.1
92.65	92.67	92.67	92.65	98.1
226.92	226.84	226.51	226.36	25.1
226.41	225.19	226.51	226.36	174.1

years.....	10.21	10.02	97
years.....	11.68	11.48	118
years.....	11.99	11.79	123
years.....	10.72	10.50	114
years.....	12.32	12.11	121
years.....	12.55	12.38	131
	10.76	10.61	123

Thurs. April 6	Wed. April 5	Tuesday April 4	Monday April 3	Tot amt paid
80.57	80.75	80.73	80.73	322.78
86.87	86.11	86.11	86.07	345.16
73.16	73.79	73.76	73.78	295.49

Financial Times, "Buckton" Name, Cont.



## OFFSHORE AND OVERSEAS FUNDS

**OVERSEAS FUNDS**

Arbuthnot Securities (C.I.) Limited  
P.O. Box 324, St. Helier, Jersey. 0534 72177  
Cap. Invest. (C.I.) 114.8 118.0 4.24  
Cap. Invest. (C.I.) 118.0 121.0 2.20  
Cap. Invest. (C.I.) 121.0 124.0 2.20  
Cap. Invest. (C.I.) 124.0 127.0 2.20

Australian Selection Fund NV  
Market Opportunities and Irish Assets &  
(Inheritance 127 Kent St. Sydney  
U.S.A.) 125.0 126.0 1.00  
Prices at April 12 Next dealing April 12

Bank of America International S.A.  
10 Boulevard Royal, Luxembourg G.D.  
Luxembourg Income 10.11 11.10 1.00  
Prices at April 6 Next dealing April 12

Bank of London & S. America Ltd.  
40 Queen Victoria St. E.C.4. 01-930-313  
Alexander Fund 125.0 126.0 1.00  
Prices at April 12 Next dealing April 12

Banque Bruxelles Lambert  
C. Rue de Rogee 8 1000 Brussels  
Renta-Fund 11.1 11.59 2.00 1.00 1.00  
Barclays Unicorn (Int. Co. Ltd.)  
1 Charing Cross St. Helier, Jersey. 0534 72741  
Overseas Income 120.13 121.0 1.00  
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# FT SHARE INFORMATION SERVICE

HOTELS—Continued

Stock	Price	Div	Yield	Div	Yield
Grand Met. 50p	104	4	3.8	4	3.8
Grand Met. 100p	104	4	3.8	4	3.8
Grand Met. 150p	104	4	3.8	4	3.8
Grand Met. 200p	104	4	3.8	4	3.8
Grand Met. 250p	104	4	3.8	4	3.8
Grand Met. 300p	104	4	3.8	4	3.8
Grand Met. 350p	104	4	3.8	4	3.8
Grand Met. 400p	104	4	3.8	4	3.8
Grand Met. 450p	104	4	3.8	4	3.8
Grand Met. 500p	104	4	3.8	4	3.8

## AMERICANS—Continued

High	Low	Stock	Price	Div	Yield	Div	Yield
100	100	Alcoa 100	100	4	3.8	4	3.8
100	100	Alcoa 200	100	4	3.8	4	3.8
100	100	Alcoa 300	100	4	3.8	4	3.8
100	100	Alcoa 400	100	4	3.8	4	3.8
100	100	Alcoa 500	100	4	3.8	4	3.8
100	100	Alcoa 600	100	4	3.8	4	3.8
100	100	Alcoa 700	100	4	3.8	4	3.8
100	100	Alcoa 800	100	4	3.8	4	3.8
100	100	Alcoa 900	100	4	3.8	4	3.8
100	100	Alcoa 1000	100	4	3.8	4	3.8

## BUILDING INDUSTRY—Cont.

High	Low	Stock	Price	Div	Yield	Div	Yield
100	100	Alcoa 100	100	4	3.8	4	3.8
100	100	Alcoa 200	100	4	3.8	4	3.8
100	100	Alcoa 300	100	4	3.8	4	3.8
100	100	Alcoa 400	100	4	3.8	4	3.8
100	100	Alcoa 500	100	4	3.8	4	3.8
100	100	Alcoa 600	100	4	3.8	4	3.8
100	100	Alcoa 700	100	4	3.8	4	3.8
100	100	Alcoa 800	100	4	3.8	4	3.8
100	100	Alcoa 900	100	4	3.8	4	3.8
100	100	Alcoa 1000	100	4	3.8	4	3.8

## DRAPERY AND STORES—Cont.

High	Low	Stock	Price	Div	Yield	Div	Yield
100	100	Alcoa 100	100	4	3.8	4	3.8
100	100	Alcoa 200	100	4	3.8	4	3.8
100	100	Alcoa 300	100	4	3.8	4	3.8
100	100	Alcoa 400	100	4	3.8	4	3.8
100	100	Alcoa 500	100	4	3.8	4	3.8
100	100	Alcoa 600	100	4	3.8	4	3.8
100	100	Alcoa 700	100	4	3.8	4	3.8
100	100	Alcoa 800	100	4	3.8	4	3.8
100	100	Alcoa 900	100	4	3.8	4	3.8
100	100	Alcoa 1000	100	4	3.8	4	3.8

## ENGINEERING—Continued

High	Low	Stock	Price	Div	Yield	Div	Yield
100	100	Alcoa 100	100	4	3.8	4	3.8
100	100	Alcoa 200	100	4	3.8	4	3.8
100	100	Alcoa 300	100	4	3.8	4	3.8
100	100	Alcoa 400	100	4	3.8	4	3.8
100	100	Alcoa 500	100	4	3.8	4	3.8
100	100	Alcoa 600	100	4	3.8	4	3.8
100	100	Alcoa 700	100	4	3.8	4	3.8
100	100	Alcoa 800	100	4	3.8	4	3.8
100	100	Alcoa 900	100	4	3.8	4	3.8
100	100	Alcoa 1000	100	4	3.8	4	3.8

## INDUSTRIALS

(Miscel.)

Stock	Price	Div	Yield	Div	Yield
Alcoa 100	100	4	3.8	4	3.8
Alcoa 200	100	4	3.8	4	3.8
Alcoa 300	100	4	3.8	4	3.8
Alcoa 400	100	4	3.8	4	3.8
Alcoa 500	100	4	3.8	4	3.8
Alcoa 600	100	4	3.8	4	3.8
Alcoa 700	100	4	3.8	4	3.8
Alcoa 800	100	4	3.8	4	3.8
Alcoa 900	100	4	3.8	4	3.8
Alcoa 1000	100	4	3.8	4	3.8

## CANADIANS

High	Low	Stock	Price	Div	Yield	Div	Yield
100	100	Alcoa 100	100	4	3.8	4	3.8
100	100	Alcoa 200	100	4	3.8	4	3.8
100	100	Alcoa 300	100	4	3.8	4	3.8
100	100	Alcoa 400	100	4	3.8	4	3.8
100	100	Alcoa 500	100	4	3.8	4	3.8
100	100	Alcoa 600	100	4	3.8	4	3.8
100	100	Alcoa 700	100	4	3.8	4	3.8
100	100	Alcoa 800	100	4	3.8	4	3.8
100	100	Alcoa 900	100	4	3.8	4	3.8
100	100	Alcoa 1000	100	4	3.8	4	3.8

## BANKS AND HIRE PURCHASE

High	Low	Stock	Price	Div	Yield	Div	Yield
100	100	Alcoa 100	100	4	3.8	4	3.8
100	100	Alcoa 200	100	4	3.8	4	3.8
100	100	Alcoa 300	100	4	3.8	4	3.8
100	100	Alcoa 400	100	4	3.8	4	3.8
100	100	Alcoa 500	100	4	3.8	4	3.8
100	100	Alcoa 600	100	4	3.8	4	3.8
100	100	Alcoa 700	100	4	3.8	4	3.8
100	100	Alcoa 800	100	4	3.8	4	3.8
100	100	Alcoa 900	100	4	3.8	4	3.8
100	100	Alcoa 1000	100	4	3.8	4	3.8

## CHEMICALS, PLASTICS

High	Low	Stock	Price	Div	Yield	Div	Yield
100	100	Alcoa 100	100	4	3.8	4	3.8
100	100	Alcoa 200	100	4	3.8	4	3.8
100	100	Alcoa 300	100	4	3.8	4	3.8
100	100	Alcoa 400	100	4	3.8	4	3.8
100	100	Alcoa 500	100	4	3.8	4	3.8
100	100	Alcoa 600	100	4	3.8	4	3.8
100	100	Alcoa 700	100	4	3.8	4	3.8
100	100	Alcoa 800	100	4	3.8	4	3.8
100	100	Alcoa 900	100	4	3.8	4	3.8
100	100	Alcoa 1000	100	4	3.8	4	3.8

## ELECTRICAL AND RADIO

High	Low	Stock	Price	Div	Yield	Div	Yield
100	100	Alcoa 100	100	4	3.8	4	3.8
100	100	Alcoa 200	100	4	3.8	4	3.8
100	100	Alcoa 300	100	4	3.8	4	3.8
100	100	Alcoa 400	100	4	3.8	4	3.8
100	100	Alcoa 500	100	4	3.8	4	3.8
100	100	Alcoa 600	100	4	3.8	4	3.8
100	100	Alcoa 700	100	4	3.8	4	3.8
100	100	Alcoa 800	100	4	3.8	4	3.8
100	100	Alcoa 900	100	4	3.8	4	3.8
100	100	Alcoa 1000	100	4	3.8	4	3.8

## ENGINEERING MACHINE TOOLS

High	Low	Stock	Price	Div	Yield	Div	Yield
100	100	Alcoa 100	100	4	3.8	4	3.8
100	100	Alcoa 200	100	4	3.8	4	3.8
100	100	Alcoa 300	100	4	3.8	4	3.8
100	100	Alcoa 400	100	4	3.8	4	3.8
100	100	Alcoa 500	100	4	3.8	4	3.8
100	100	Alcoa 600	100	4	3.8	4	3.8
100	100	Alcoa 700	100	4	3.8	4	3.8
100	100	Alcoa 800	100	4	3.8	4	3.8
100	100	Alcoa 900	100	4	3.8	4	3.8
100	100	Alcoa 1000	100	4	3.8	4	3.8

## FOOD, GROCERIES, ETC.

High	Low	Stock	Price	Div	Yield	Div	Yield
100	100	Alcoa 100	100	4	3.8	4	3.8
100	100	Alcoa 200	100	4	3.8	4	3.8
100	100	Alcoa 300	100	4	3.8	4	3.8
100	100	Alcoa 400	100	4	3.8	4	3.8
100	100	Alcoa 500	100	4	3.8	4	3.8
100	100	Alcoa 600	100	4	3.8	4	3.8
100	100	Alcoa 700	100	4	3.8	4	3.8
100	100	Alcoa 800	100	4	3.8	4	3.8
100	100	Alcoa 900	100	4	3.8	4	3.8
100	100	Alcoa 1000	100	4	3.8	4	3.8

## HOTELS AND CATERERS

High	Low	Stock	Price	Div	Yield	Div	Yield
100	100	Alcoa 100	100	4	3.8	4	3.8
100	100	Alcoa 200	100	4	3.8	4	3.8
100	100	Alcoa 300	100	4	3.8	4	3.8
100	100	Alcoa 400	100	4	3.8	4	3.8
100	100	Alcoa 500	100	4	3.8	4	3.8
100	100	Alcoa 600	100	4	3.8	4	3.8
100	100	Alcoa 700	100	4	3.8	4	3.8
100	100	Alcoa 800	100	4	3.8	4	3.8
100	100	Alcoa 900	100	4	3.8	4	3.8
100	100	Alcoa 1000	100	4	3.8	4	3.8

## BRITISH FUNDS

High	Low	Stock	Price	Div	Yield	Div	Yield
100	100	Alcoa 100	100	4	3.8	4	3.8
100	100	Alcoa 200	100	4	3.8	4	3.8
100	100	Alcoa 300	100	4	3.8	4	3.8
100	100	Alcoa 400	100	4	3.8	4	3.8
100	100	Alcoa 500	100	4	3.8	4	3.8
100	100	Alcoa 600	100	4	3.8	4	3.8
100	100	Alcoa 700	100	4	3.8	4	3.8
100	100	Alcoa 800	100	4	3.8	4	3.8
100	100	Alcoa 900	100	4	3.8	4	3.8
100	100	Alcoa 1000	100	4	3.8	4	3.8

## Five to Fifteen Years

High	Low	Stock	Price	Div	Yield	Div	Yield
100	100	Alcoa 100	100	4	3.8	4	3.8
100	100	Alcoa 200	100	4	3.8	4	3.8
100	100	Alcoa 300	100	4	3.8	4	3.8
100	100	Alcoa 400	100	4	3.8	4	3.8
100	100	Alcoa 500	100	4	3.8	4	3.8
100	100	Alcoa 600	100	4	3.8	4	3.8
100	100	Alcoa 700	100	4	3.8	4	3.8
100	100	Alcoa 800	100	4	3.8	4	3.8
100	100	Alcoa 900	100	4	3.8	4	3.8
100	100	Alcoa 1000	100	4	3.8	4	3.8

## Over Fifteen Years

High	Low	Stock	Price	Div	Yield	Div	Yield
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# FINANCIAL TIMES

Thursday April 13 1978

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## TUC will not agree to earnings target

BY CHRISTIAN TYLER, LABOUR EDITOR

TUC LEADERS will turn a deaf ear to any earnings target figure quoted by the Chancellor in his forthcoming discussions with them on the economy.

Members of the TUC economic committee said after a meeting to review the Budget yesterday that there could be no formal agreement with the unions for a Phase Four of the incomes policy beginning in August.

Nor were they prepared to issue any warning about the consequences of another imposed earnings ceiling. At the same time several members admitted the Government's right to name a figure if it chose to.

Asked about the implications of a Treasury assumption that the earnings rise would be halved (to about 7 per cent) in the next wage round, both Mr. David Bassett, TUC chairman, and Mr. Moss Evans of the Transport Workers' said that assumptions were not realistic.

The committee reacted only mildly to a letter from the Transport Workers' demanding a

clear TUC statement of opposition to pay policy "norms". Instead it merely reaffirmed last year's Congress resolution for an orderly return to free collective bargaining.

Mr. Len Murray, TUC general secretary, said there would be no difficulty for the unions in talking to the Chancellor about the need to keep the inflation rate down. But, on pay, he declared: "We are not talking numbers. We are not interested in talking numbers with the Chancellor."

With an eye to a summer mini-Budget, the unions will be pressing Mr. Healey hard for more public spending to help create jobs. Tuesday's Budget had done little on that score, Mr. Murray said. Underpinning in the public sector under the cash limits regime would also be an issue.

The Chancellor's Budget hints and exhortations on Phase Four were generally ignored yesterday. "But some unions in the public sector, where Government

curbs are most acutely felt, are actively promoting the idea of TUC co-operation in central pay planning."

A paper for this year's conference of the National and Local Government Officers' Association proposes that wages should be index-linked and that there should be "periodic discussions between Government, trade unions and employers to establish guidelines on pay."

Drawn up by the union's national executive, it says a further year of unilateral pay restraint in the public services will be opposed. Any pay policy should apply equally to public and private sectors.

A similar warning about "discriminatory" policies will be sounded at the conference of the Institution of Professional Civil Servants next month.

● The TUC economic committee proposed yesterday that Mr. Moss Evans should join the TUC members on the National Economic Development Council.

## Plowden criticises plans for electricity industry

BY JOHN LLOYD

GOVERNMENT plans to restructure the electricity supply industry came under strong criticism yesterday from Lord Plowden, chairman of the committee which produced a report on the industry more than two years ago.

The Plowden report had recommended a unified structure, integrating the present statutory area Boards into the central management and abolishing the Electricity Council.

Giving evidence to the Select Committee on Nationalised Industries, Lord Plowden, who was accompanied by four other former members of his committee, said that the central difference between his report and the recent White Paper was the Government's proposal to retain ministerial appointment of the area Boards.

While Government patronage of the Boards remained, the regional administration of the industry would continue to owe its loyalty to Ministers, rather than to the industry's management.

The Government proposals for an Electricity Corporation, with members directly appointed by the Secretary of State for Energy, was little different from the present Electricity Council. The dominant power in the industry would remain with the Central Electricity Generating Board.

Sir Alan Wilson, deputy chairman of the Electricity Council, said that "all that had been changed by the White Paper is the names."

Lord Kearton, chairman of the British National Oil Corporation, said that regional Boards were underworked, since all important decisions were taken by the

CEGB. There was little incentive for the Boards to innovate or to monitor their efficiency.

"As a committee, we found that there was a need for more internal self-criticism throughout the industry."

Lord Plowden said, however, that one of the merits of the White Paper was that it stressed flexibility in the organisation of the industry. Much would depend on how Ministers intervened as the organisation evolved.

All members of the Plowden Committee—which included Mr. Frank Chapple, general secretary of the Electrical, Electronic and Plumbing Union, and Baroness Sears of the London School of Economics—agreed that the Bill was "better than no Bill."

Lord Plowden said: "The industry has been under examination for the past 10 years. Its great need now is for stability."

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## MPs want to tighten scrutiny of Health Department spending

BY RUPERT CORNWELL, LOBBY STAFF

THE PUBLIC Accounts Committee of MPs is to make an on-the-spot investigation of the new Liverpool Teaching Hospital next week to spearhead a campaign to tighten scrutiny on spending by the Department of Health and Social Security.

The estimated cost of the hospital is understood to have risen from £11m. to more than £50m. Yesterday Mr. Edward du Cann, chairman of the committee, which acts as a Parliamentary watchdog on Whitehall spending, described the cost increase as "tending to the category of a major scandal".

The Health Department has

long been a particular source of concern to the committee. Mr. du Cann said the committee was "desperately worried" at the poor accounting and financial control operated by the Department, and a report just published refers to its "extravagance on a vast scale."

The report itself mainly deals with last month's decision by the committee to conduct its hearings in public and shows that the step was taken in the teeth of fierce opposition from senior civil servants who wanted private sessions to continue.

Sir Douglas Henley, Comptroller and Auditor General, warned that by allowing the Press to report proceedings on a daily basis, Parliament's grip on Government spending could be weakened rather than strengthened.

Meanwhile, Sir Anthony Rawlinson, Second Permanent Secretary at the Treasury, implied in evidence that members of the committee might be tempted to use it as a platform for self-advertisement to the detriment of its role of improving the administration of public expenditure projects.

Parliament Page 11

Continued from Page 1

## Ministers hint at new package

enable the U.K. and other economies to grow at a faster rate. Any decision taken by the Government would be decisive, he admitted.

The prospect of a July mini-Budget was being played down by some Ministers, but it is not being discounted. It could come—most conveniently for Mr. James Callaghan if he opts for an autumn General Election—shortly after the Bonn summit and just before Parliament adjourns for the summer recess when a boost to the Government's popularity would be invaluable.

The other hint came in the Commons from Mr. Joel Barnett, Chief Secretary to the Treasury. He said that the Budget had been a contribution by Britain to world expansion. He hoped that the world summit in July "would enable us to do more."

In an attempt to meet some Liberal criticisms, Mr. Barnett said that the Government hoped later to extend the 25 per cent. lower rate band. "I see it as a start on the road to making it the basic rate in due course for millions more."

One tactical problem facing the Liberals is that, during the committee stage of the Finance Bill, they can table only amendments proposing changes in indirect taxation to resolutions tabled by the Government.

The only one in this year's Bill will be the minor one on high tax cigarettes.

Another difficulty is that, by tradition, the Speaker calls amendments from the official Opposition so Liberal tactics will depend partly on moves made by the Shadow Cabinet.

The shadow cabinet has

decided to oppose the general Budget resolution in the Commons next Monday but not to vote against specific tax resolutions. The Tories intend to await the committee stage before proposing changes in the distribution of tax. The Liberals will oppose the Budget resolutions.

Many of the key battles will come during the committee stage rather than on the floor of the House. It is unclear whether there will be a Liberal MP on the committee. The Government will have parity with all other parties.

Mr. John Pardoe, the Liberal economic spokesman, was belligerent about parts of the Budget while campaigning yesterday in the Lambeth Central by-election. He warned that the Liberals would be "perfectly happy" to make the inadequacy of the Budget the breaking point for the Lib-Lab pact.

It became clear yesterday that the Government believes that its projected 3 per cent. rate of economic growth in the next year should be sufficient to produce a decline in unemployment, even though this conflicts with its previous assumptions have effectively been dropped and the Treasury is taking the recent trend on face value, rather than treating it as a statistical quirk.

The implication of this reassessment is that the underlying growth of productivity, or output per head, is now under 2 per cent. a year.

## Stock Exchange expulsion

BY CHRISTINE MOIR

MR. ALAN KNAPP, the former senior partner of Sandelson and Co., stockbrokers, has been expelled from the Stock Exchange.

Members of the Stock Exchange were formally told yesterday of the expulsion and the grounds for it.

The immediate cause was that Mr. Knapp failed to attend meetings of an investigatory committee despite orders to do so, which caused him to be in breach

of Rule 15(1) of the Stock Exchange membership regulations.

The investigation itself was focused on implications of Mr. Knapp's Hong Kong dealings.

The Stock Exchange committee found that Mr. Knapp "caused a substantial bargain to be done in a company, by misrepresenting details of the clients supposedly involved and the manner of payment."

## Citicorp hopes to make bond issue in Tokyo

BY MARY CAMPBELL AND DOUGLAS RAMSEY

CITICORP, the second largest U.S. bank, wants to make a yen-denominated bond issue on the Tokyo capital markets, possibly in the autumn.

The issue, which could be as large as ¥25bn. (about \$50m.), has not yet been approved by the Japanese Ministry of Finance.

Until now, the Tokyo foreign bond market has not been tapped by foreign companies, although it has become an important source of capital for governments, public sector institutions and international organisations like the World Bank. Citicorp is one of several foreign companies considering issuing bonds in this market.

elsewhere. They would greatly resent a foreign commercial bank being allowed to tap a market which is closed to them.

Any move to open up the capital markets to the Japanese city banks would in turn be opposed strongly by the specialist banks, such as the Bank of Tokyo and the Long Term Credit Bank, which have a prerogative on such borrowing.

From Citicorp's point of view, the move is a logical extension of its earlier "fund-raising activities internationally. It has recently issued international bonds in Australian dollars and sterling, as well as in U.S. dollars. Provided it were to be allowed to use the money inside Japan, it would also provide a useful source of yen funds, often in short supply for foreign banks in Tokyo.

Bank of America yesterday denied Tokyo reports that it was considering an issue of yen bonds.

Text of market Page 31

### Opposition

Such an issue would cause considerable controversy among banks in Japan since domestic commercial (or "city") banks are banned from raising long-term funds, other than equity, on the Japanese capital market or

## Rail unions ready to accept 10% pay increase offer

BY NICK GARNETT, LABOUR STAFF

THE THREE rail unions are set to accept a pay offer within Government guidelines for 140,000 workers. The offer will be extended eventually to more than 350,000 people employed by British Rail.

Executives of the unions, including ASLEF the militant drivers' union, are being recommended to accept the offer which is judged by management to be worth exactly 10 per cent on the wages bill.

The offer, an improvement on the previous one of 9.6 per cent, is subject to Government approval.

Mr. Cliff Rose, British Rail Board member for industrial relations, said yesterday after negotiations with the unions that he was confident the 10 per cent. would be accepted.

He also believed there had been some progress on the productivity talks.

### Payments

ASLEF is questioning the principles of the productivity scheme, the basis of which has already been accepted by the National Union of Railwaymen and the Transport Salaried Staffs Association.

The productivity offer is based on the railways' total business performance but ASLEF wants it more directly related to increased productivity of the workforce.

Today's meeting of the Railway Staff Joint Council is due to discuss ASLEF's claim for extra payments in line with those already agreed for pay-rail guards, members of the NUR.

The drivers' union is still considering the possibility of strike action if the claim is not met.

## Leyland fills vacant management post

BY OUR INDUSTRIAL STAFF

THE GAP left in the reorganised Leyland Cars management team by the departure of Mr. David Symonds has been filled by the appointment of Mr. John Symonds as managing director designate of Pressed Steel Fisher.

Mr. Symonds, 44, was formerly production director of small and medium cars, with responsibility for Alfa Romeo and Renault, at Longbridge and Seneffe, Belgium. MG sports car assembly at Abingdon, and Maxi Marina and Princess output at Cowley. He will report to Mr. Peter McGrath, managing director of BL Components.

The Pressed Steel Fisher group, formed from the former pressings division of British Leyland during the recent reorganisation of the company, will cover pressings, body and tooling operations at Cowley, Castle Bromwich, Dunstable, Llanelli, Liverpool number one plant, and Swindon.

● Leyland Vehicles, the commercial vehicle subsidiary of British Leyland, also announced the appointment of a general manager for its heavy vehicle division yesterday. He is Mr. Peter Capon, 44, who has moved into the job following the appointment of Mr. Jack Smart as deputy managing director of Leyland Vehicles.

Mr. Capon joined Leyland in 1975, after previously being manager of Ford of Europe's light vehicle engineering for truck operations.

## Jury acquits two former brokers

FINANCIAL TIMES REPORTER

TWO FORMER City stockbrokers were cleared yesterday after a three-month trial at the Old Bailey of conspiring to defraud clients of Chapman and Rowe, which was hampered with a deficiency of nearly £2m. in 1974.

Mr. George Edward Miller, 39, of Kingston, Surrey, and Mr. Ralph Clarke, 50, of Kensington, West London, were cleared of all the charges against them after the jury had been out for 94 hours.

Mr. Miller and Mr. Clarke, who were members of the Stock Exchange for several years before the hammering, now have business interests outside the City.

After the verdicts both said they were unlikely to try to return to the Stock Exchange.

They had denied conspiring to defraud clients of Chapman and Rowe by pledging their shares without authority as security for bank loans, and by the misuse of money received by the firm by falsifying its books and records.

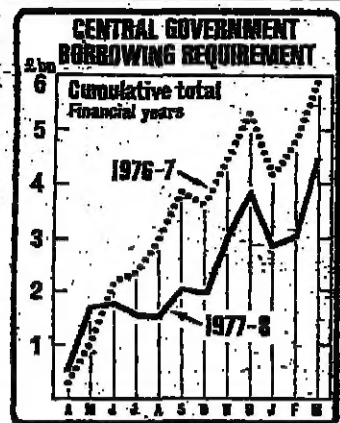
They had also denied a charge of presenting a false balance sheet to the Stock Exchange for 1973, and eight charges of stealing clients' shares, including some belonging to the Moscow Narodny Bank, which were allegedly used as security for bank loans.

THE LEX COLUMN

## Gilt-edged seek a new level

Initial market reactions to a Budget are often misleading, and that pattern was certainly followed yesterday. The gilt-edged market actually opened slightly firmer, but within minutes the selling began and eventually losses at the long end extended to some 11 points. By 11.0, moreover, the overnight gains on equities had been more than wiped out.

Index fell 10.2 to 460.2



The Chancellor's high risk monetary policy was the dominating theme in brokers' comments. Mr. Healey took care to give advance notice of the relatively modest growth in money supply in March, but the market was puzzled by his warning of a poor figure for May and nervous at the suggestion of a generally high rate of monetary growth in the first half of the year. Meanwhile the absence of any hints in Tuesday's speech about the March trade figures due to tomorrow is being interpreted bearishly.

The gilt-edged market is now in a familiar state of confrontation: the institutions have money to invest, but the Government broker is not yet selling at the right price. The GB will be anxious to resume action in the wake of the Budget, however, and it is likely that the right level will be established within the next few days.

Word from New York, meantime, is that the U.S. Government has negotiated a new loan on its "yankies" bond offerings — a yield of 8½ per cent on the seven-year portion, 8½ per cent on the 15-year tranche. Even so, it appears to be paying about half a point more than a domestic triple-A borrower such as General Electric.

### Babcock & Wilcox

Stripping out exceptional items amounting to a net charge of £34m, yesterday's full-year figures from Babcock and Wilcox are slightly better than analysts had been expecting. But actual pre-tax profits, at £32.3m, are only 9 per cent ahead, after suffering a £31m shortfall on the translation of overseas profits. The largest exceptional — and unexpected — item is a provision of £5m, two-thirds of this relating to the Hardstock housebuilding subsidiary which is now being run down. Because of the Hardstock loss trading profits in general engineering are down 75 per cent at £12m.

Nevertheles, Babcock seems to be quietly confident that international trading conditions are improving. This is confirmed by an 18 per cent rise in outstanding orders, which now stand at £642m. So barring any more setbacks the pre-tax figure next year may not be far off £40m, suggesting that Babcock shares, on a current yield of just under 7 per cent, could be a little undervalued.

It also injected £450,000. Barrow Hepburn by an option to buy shares and it approved Barrow's further assets to £2,500,000. With this the company was paid desperate need of the year. The NEB only £1m. of new equity, on its original investment £300,000 of equity and of loan stock.

### Philips

In common with other multinational companies Philips has included new disclosures in its annual report, partly in response to standards set out by bodies like the OECD. Thus there is a "carefully new geographical breakdown of profits—dividing the globe into eight areas—and the product sectors are redefined, with consumer goods being further broken down into lighting, brown and white goods. The Netherlands itself has been a notably weak area, with a fall of two-fifths in trading profits there last year, and the group as a whole faces a tough struggle to improve profits in 1978. At Fls.25.5 the shares have moved comparatively little in recent months. The key role

## Weather

U.K. TO-DAY

RAIN at times, generally cloudy. London, E. S.E., Cent. S. and Cent. N. England, E. Anglia, Midlands, Channel Is. Bright at first, rain later. Max. 10C (50F).

S.W. and N.W. England, Wales, Lakes, I. of Man, S.W. Scotland, Argyll, Glasgow, N. Ireland. Cloudy. Rain at times. Max. 10C (50F).

N.E. England, All N. and E. Scotland. Sunny spells, scattered showers. Max. 5C (41F).

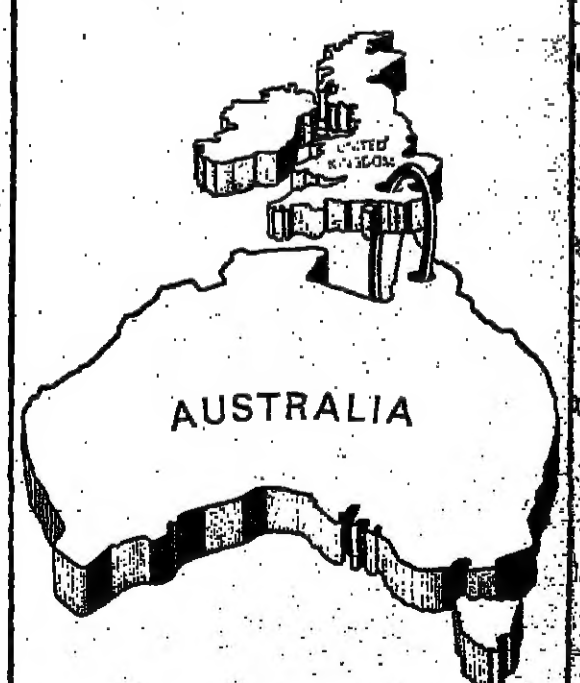
Outlook: Mostly cloudy. Rain in places.

### BUSINESS CENTRES

BUSINESS CENTRES					
	Y-day			Y-day	
	mid-day	C		mid-day	C
Amsterdam	C 5	41	Madrid	S 10	25
Athens	C 17	82	Manchester	S 10	25
Bahran	C 27	82	Marbrouse	S 14	37
Barcelona	F 11	52	Moscow	C 13	55
Belfast	C 3	41	Montreal	F 7	45
Bombay	C 23	72	Moscow	C 13	55
Berlin	F 7	45	Munich	C 10	25
Birmingham	R 4	20	Newcastle	C 10	25
Bristol	C 10	25	New York	C 10	25
Brussels	F 6	43	Oslo	C 10	25
Cardiff	C 10	25	Paris	C 10	25
Cairo	C 28	82	Prague	C 10	25
Canton	C 9	39	Rangoon	C 10	25
Chicago	C 15	50	Rio de Janeiro	C 10	25
Columbo	F 8	43	Rome	C 10	25
Copenhagen	F 8	43	Singapore	C 10	25
Dublin	F 7	45	Stockholm	C 10	25
Edinburgh	F 6	43	Stockholm	C 10	25
Frankfurt	F 6	43	Sydney	C 10	25
Geneva	C 10	25	Taipei	C 10	25
Glasgow	F 6	43	Tehran	C 10	25
Hong Kong	C 10	25	Tel Aviv	C 10	25
Imbros	C 10	25	Tokyo	C 10	25
London	C 10	25	Toronto	C 10	25
Luxembourg	C 10	25	Vienna	C 10	25
			Warsaw	C 10	25
			Zurich	C 10	25

### HOLIDAY RESORTS

HOLIDAY RESORTS							
	Y-day mid-day			Y-day mid-day			
	C	F		C	F		
Ajaccio	F	15	59	Istanbul	S	12	34
Algiers	C	10	25	Jakarta	C	10	25
Antwerp	C	10	25	Las Vegas	C	10	25
Blackpool	F	7	45	Lima	C	10	25
Bordeaux	F	15	59	Lisbon	C	10	25
Bombay	C	23	72	Madrid	C	10	25
Buenos Aires	C	23	72	Moscow	C	13	55
Cairo	C	28	82	Munich	C	10	25
Canton	C	10	25	New York	C	10	25
Cebu	C	10	25	Oslo	C	10	25
Colon	C	15	50	Paris	C	10	25
Columbo	F	8	43	Prague	C	10	25
Cyprus	C	10	25	Rangoon	C	10	25
Dublin	F	7	45	Rio de Janeiro	C	10	25
Edinburgh	F	6	43	Rome	C	10	25
Frankfurt	F	6	43	Singapore	C	10	25
Geneva	C	10	25	Stockholm	C	10	25
Glasgow	F	6	43	Sydney	C	10	25
Hong Kong	C	10	25	Taipei	C	10	25
Imbros	C	10	25	Tehran	C	10	25
London	C	10	25	Tel Aviv	C	10	25
Luxembourg	C	10	25	Tokyo	C	10	25
				Toronto	C	10	25
				Vienna	C	10	25
				Warsaw	C	10	25
				Zurich	C	10	25



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